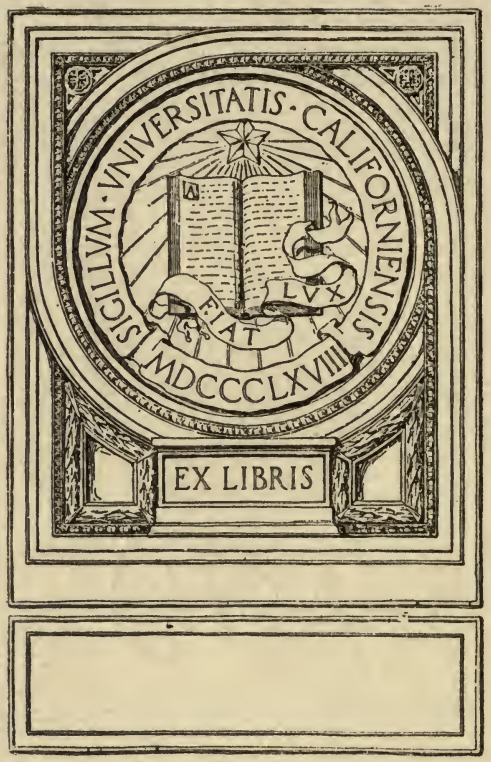
BRITAIN AFTER THE PEACE

REVOLUTION OR RECONSTRUCTION

BROUGHAM VILLIERS


SIGILLVM · VNIVERSITATIS · CALIFORNIENSIS
LVX
FIAT
MDCCCLXVIII
EX LIBRIS

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

http://www.archive.org/details/britainafterpeac00shawrich

BRITAIN AFTER THE PEACE

BY THE SAME AUTHOR

THE SOCIALIST MOVEMENT IN ENGLAND

Second Edition, Revised. Large crown 8vo, cloth, 2*s.* 6*d.* net.

"It is in our judgment by far the best general historical treatment of the origin and play of forces in the Labour-Socialist movement in this country that has yet appeared."—*The Nation.*

"An admirable historic interpretation of the economic and political forces which have gone to the making of present-day Socialism as exhibited in the Labour Party. . . . Does just what such a history ought to do, sets out clearly the main facts and personalities, but does not load the story with minutiæ."—*The Manchester Guardian.*

MODERN DEMOCRACY

A Study in Tendencies

Demy 8vo, cloth, 7*s.* 6*d.* net.

THE OPPORTUNITY OF LIBERALISM

Paper, 1*s.* net.

LONDON: T. FISHER UNWIN LTD.

BRITAIN AFTER THE PEACE

REVOLUTION OR RECONSTRUCTION

BY

BROUGHAM VILLIERS

Shaw, FJ

UNIV. OF CALIFORNIA

LONDON
T. FISHER UNWIN LTD.
ADELPHI TERRACE

HC256
.2
.S5

First published in 1918

UNIV. OF
CALIFORNIA

(*All rights reserved*)

CONTENTS

CHAPTER		PAGE
I.	EUROPE IN REVOLUTION	7
II.	THE PROBLEM OF DEMOBILIZATION	37
III.	THE PROBLEM OF FINANCE	63
IV.	THE PROBLEM OF INDUSTRY	95
V.	THE PROBLEM OF THE LAND	125
VI.	THE PROBLEM OF DEVELOPMENT	160
VII.	A NATIONAL WORKS DEPARTMENT	197
VIII.	BELOW THE BATTLE	231

387015

UNIV. OF CALIFORNIA

BRITAIN AFTER THE PEACE

CHAPTER I

EUROPE IN REVOLUTION

The possible consequences of the present situation were terrible. If as many as four Great Powers of Europe—let us say Austria, France, Russia, and Germany—were engaged in war, it seemed to me that it must involve the expenditure of so vast a sum of money and such an interference with trade, that a war would be accompanied or followed by a complete collapse of European credit and industry. In these days, in great industrial States, this would mean a state of things worse than that of 1848, and, irrespective of who were the victors in the war, many things might be completely swept away.—*Sir Edward, now Viscount, Grey, to Sir M. de Bunsen, July* 23, 1914.

THESE words of the British Foreign Minister during the crisis of July 1914 stand out from the pages of correspondence published at the beginning of the war as perhaps the only ones showing any insight into the real character of the tremendous events then taking place. Read after three years of carnage there seems indeed

a grim irony about them. What matters shaken credit or the suspension of industry in comparison with the terrors of death and mutilation which have filled the world since these words were written? And what idea does a "state of things worse than 1848" convey to the plain man to-day compared to the things that have actually happened? Future generations, seeing in this utterance the instinctive shudder of an old social order, sighting amidst the confusion of the time a foreshadowing of its own death, may understand, but will hardly pity its terror. It will not be for fallen institutions, but for humanity that the pity of future ages will be reserved.

"A state of things worse than 1848!" The phrase seems inadequate almost to bathos, but inadequate as it is, it still remains after three years almost the only flash of insight into the true character of the world catastrophe that has come from the rulers of Europe. To see in this war a struggle for victory between two competing ideas is, I am convinced, to see only the surface phenomena and not the essential nature of the thing. The nations are not so much destroying in their enemies the things in which they are opposed as they are helping one another

to pull down the social order which they have in common. If indeed the German plans had succeeded and the Kaiser been able to dictate peace in Paris in the early months of the war, or, on the other hand, if the prophecies of the *Times* military correspondent had been fulfilled and the Russian armies had entered Berlin in November 1914, the consequences of the war might have been less revolutionary. When once the hope of speedy victory passed away and the war became a slow process of exhaustion, the purely military and political questions at stake became far less important than the economic and revolutionary ones. It is true that very little attention was given to this. Indeed, the more surely events were leading up to the situation foreseen by Sir Edward Grey, the more people concentrated their minds on their purely military side. After-the-war problems interested a few progressives and reactionaries; but all suggestions I have seen, good and bad alike, are vitiated by a failure to recognize the magnitude, the revolutionary character of the question. It would seem as though those who think of the problem at all consider the phrase of Sir Edward Grey an over, not a woefully inadequate, statement of the

case. There is a grim humour about most of the proposals put forward, many of which are already half forgotten. Take, for instance, the solemn Conference at Paris based on two very dubious assumptions—one, that the statesmen then meeting in conclave would have anything whatever to do with the policy of their several countries after the war, and the other, that the enemy countries would be governed by the same sort of people with something like the same sort of policy as before 1914. What has become of the Conference already? Free Traders and Protectionists quarrelled about its proposals for a time, and then came the Russian Revolution and the entry of the United States into the war, and the whole thing became utterly meaningless.

To me it seems clear that very little progress can be made in preparing for after-the-war problems, unless we realize that when the Kaiser declared war on France and Russia he began not merely a war, but a revolution. On that day society, as we have known it, committed suicide. Even if the blind Samson of German militarism had succeeded in pulling down the temple on the heads of its enemies, it must, nevertheless, have perished in the ruins itself. A sudden and sweeping victory, like that of 1870,

for one side or the other, might indeed, though even that is doubtful, have enabled the old system to survive. In that case the costs of the war would not have been ruinous, and the victorious Governments might have recovered them from the vanquished by way of indemnity, but even the most complete victory, if long delayed, would put any such issue out of the question. For if a conquered nation has no money and no credit left, you cannot extract an indemnity from it, any more than you can get blood from a stone.

No such sudden victory happened, however, and with the declaration of war all Europe went into revolution. It has become a platitude to say that this, unlike other wars, is not merely a war of armies, but of nations. From the first, throughout the continental belligerent nations, young men of every possible trade or occupation put down their tools, leaving their work to others or to be undone, and took up their rifles. A fundamental change took place in the life of every male of military age, to be followed rapidly by almost as complete a revolution in the life habits of millions of women. This country, having normally a small professional army only, might have escaped the common fate, and many

preparations were made at first to provide work for those thrown out of employment by the war. The rapid progress of the German armies soon ended this, however, and before many months were over millions of British lads, who had never expected to see a gun fired in their lives, were drilling and training for the Front. The mere surface change in the life of the nations was revolution enough, the inner changes must have been even greater. It was not merely that the whole subject-matter of public interest was changed, but for the first time with us, and for the first time to an equal extent with our allies and enemies, the private, personal interests of practically every man and woman were suddenly altered. The ordinary concerns of life, the anxieties and interests of almost every family as they had been before the war, became swallowed up in a vivid interest in the personal safety of sons, or husbands, or fathers. Deep-laid and treasured plans were brought to nothing in a day and other plans of a totally different character had to be substituted. This, too, not here and there, as in former wars, but in almost every family in the land. No such deadly blow has ever been struck at the instinctive conservatism of our race as the enlistment of Kitchener's

Army. The revolution took its first, perhaps its most decisive, steps in the first few months of the war, by taking everybody from where he was and from what he was doing, and placing him somewhere else at some other work.

It was the same with things as with men. The drastic steps which our own Government were compelled to take in the first days and even before the outbreak of the war to prevent a financial panic, to secure the control of the railways and to ensure the defence of the realm impressed the nation, but were probably far less lasting than the changes that have been silently going on since. Old trade routes were closed and others have been opened; shortness of supplies in some materials has compelled the invention of substitutes which may finally take their places; factories have been remodelled to supply army wants instead of civilian ones, and may get back to their old trades with difficulty or not at all; changes of all kinds have gone on in the industrial world to a greater extent in these three years than they might have done in thirty years of peace. These things, important enough in themselves, are still more so in view of the complications they must make in the revolutionary situation at the close of the war.

How many employers who promised at the beginning of the war to keep situations open to recruiting employees will have no situations to offer at its close?

It is clear that the state of things at the end of the war will be essentially a revolutionary one. Before the war the conflicts of Labour and Capital, the competition of trades, the equation of demand and supply were in a condition if not of stable, at least of relatively stable, equilibrium. Changes were going on: new trades rising and old ones falling every year; conflicts between Labour and Capital were frequent and negotiations constant; ceaselessly new inventions and methods were replacing those that were outworn. Except perhaps in the case of the coal strike in the spring of 1912, there was nothing really critical in all this. What I have elsewhere called the "Guarantist" claims of Labour, the demand for better conditions and greater security of life was continuous and growing. In itself, this contained the promise of a complete remodelling of society in the long run, in however peaceful and orderly a manner. Periods of prosperity and depression followed one another, emphasizing or allaying the unrest of Labour, but there seemed no likelihood of any crisis far-reaching enough to

overcome the immense hold the forces of use and wont had over a constitutional people unaccustomed to violence. Even the recurrence of depression and inflation in trade was much less marked than a generation ago; so that however acute the problem of unemployment might be for thousands, it seemed unlikely to come to the revolutionary point with anything but a small minority at any one time. It would be dangerous optimism to expect a continuance of this after the war. There is hardly one of the conditions specially characteristic of British life before the war that can be expected to survive it. Before the war the great majority of British working men had acquired skill at some particular kind of work. Even in their youth, they had very little possibility of choice except between one of the industries carried on in the neighbourhood, of emigrating, or of going to sea. By the time they were thirty, the general character of their lives was to all intents and purposes so mapped out that in the vast majority of cases even speculation upon the possibility of change was probably ruled out of their minds. There was thus a sort of fundamental conservatism penetrating the whole of the national life, tending powerfully to hold in check any movement

for change until at least some way had been found of adjusting the new to the old so as to preserve the stability of society. The result was a sort of workable equipoise in the social order itself. In times of peace there is a continuous action and reaction between the technical world and those of ideas and feeling. Industrial changes modify the outlook of those who take part in and are affected by them, giving birth to new ideas, new movements, and at last a new popular organization. These in their turn have, in countless ways, their reflex influence on the structure of industry itself. But except as the result of some utterly abnormal state of things, neither technical nor moral developments, the visible structure or the spiritual motive force of society, is ever likely to be so rapidly modified that the orderly adjustment of things that are new to those that are old but not outworn is impossible. Notably in this country, much as present-day society differs from that of centuries ago, this has been brought about by a constant series of generally orderly adaptations rather than by any sudden catastrophe.

Thus in past times English men and women have been fitted more or less to their actual surroundings. Spells of unemployment and de-

pression notwithstanding, the great majority of the people at any one time had each his particular niche in the social fabric, and learnt more or less to subdue his expectations and even his hopes to the possibilities of the position in which he actually found himself. Obviously, no such adjustment can be expected at the close of the war. Not only millions of soldiers but vast numbers of munition workers, male and female, have, so to speak, been torn up by the roots and scattered all over the country or in foreign lands. Even in the trades not directly connected with the war, most far-reaching changes have taken place. Trades have been lost, perhaps for ever, and the capital and labour employed in them dispersed to the four winds. The very Government offices have been remodelled, old departments nearly denuded of their staffs and new ones crammed with clerks and officials coming from no one knows where. In the trenches as a soldier, in some hitherto quiet part of the country as a maker of explosives, on the land doing work of "national importance," perhaps in prison as a conscientious objector, the trade unionist, the shop girl, the insurance agent, and the schoolmaster, everybody has been taken out of his or her accustomed niche and planted in some

strange place to do some strange and unaccustomed thing.

To almost every one the war has brought a revolution in the practice of life; it would be strange if it did not bring a revolution in ideas. One side of a universal revolution has already taken place, a complete change in the prospects and outlook of nearly every adult in the land. Every one, therefore, is prepared, at least in so far as the severance of the ties which bound him before the war to a special position in life can do this, for an entirely new start. Again, for the time being at least, the social web woven by generations of peaceful trade is broken. Not only is the individual less wedded to his place, but in countless cases the place he once occupied exists no longer. The strong conservative instinct of the British people, the power of use and wont, which has carried the nation over so many difficulties in the past, is now faced with a crisis which cannot conceivably be dealt with on conservative lines. One half of the revolution is already accomplished. The old world, the old dependence on the thing established have been broken to pieces. The task, therefore, of reconstructing society is thrust upon us whether we will or no. The destructive side of the revolu-

tion has been carried out by the war itself; the constructive revolution is the first problem of peace.

It cannot be denied that the position is a highly dangerous one. No condemnation can be too strong for the indifference that has for so long allowed a considerable section of the respectable working class, averaging about 4 per cent. and amounting in bad times to as much as 8 to 10 per cent. of the organized trade unionists, to face the terrors of unemployment. From a moral point of view this was deplorable, but bad as it was it was not inconsistent with the stability of society. The unemployed were always a comparatively small minority; they were unarmed and untrained to arms. Few of them had ever seen a shot fired in anger, and long years of peaceful industry had built up in them a reverence for life and order sufficiently strong to make them bear almost any hardships rather than resort to serious violence. Most of these things were true of the Continent also, for though there the people were trained to arms, a very small percentage of them had ever been compelled to overcome the feeling of horror with which the modern man must take the life of another for the first time. For two genera-

tions, too, the revolution in most of the continental nations, including those of which our people knew most, had given place to a general parliamentary movement. There was little combustible material at home, and no conflagration abroad from which a spark might be blown over here to ignite it. Nobody can say with confidence that these conditions exist any longer. Unless some drastic steps are taken to prevent it, we may readily have, not a minority, but a large majority of the adult male population unemployed when the soldiers return and "war work" has to be stopped; while the country will be full of weapons which the unemployed know quite well how to use. And much as I believe most of the soldiers have learnt to hate war, and much as they may long to settle down again to peaceful work, it must not be forgotten that they have actually been engaged in killing people for three years, in obtaining their will by force and violence. Under these circumstances, it seems too much to expect that they will meet undeserved poverty and unemployment with the same patience as before. It is a striking fact that whereas a British riot is almost always easily suppressed and is never successful, the mob of Paris has been always a dangerous revo-

lutionary force. Perhaps this may be due, as is generally taken for granted, to differences of national character ; but it has always seemed to me capable of a more matter-of-fact explanation. Only a small proportion of the workmen in British towns have been trained to fight, and probably very few of them have the slightest idea how to form or man barricades. The French, however, do know how to organize a resistance to the military ; they understand the tactics that will be employed to disperse them and how best those tactics can be met. But in every Labour trouble for the next generation a very large proportion of those concerned will be veteran soldiers ; not a few of them probably men who have held commissions and been entrusted with commands on active service. Thus it may be found after the war that the traditional weakness of a British mob has become a thing of the past, and an outbreak of Labour unrest may be very much more dangerous than anything to which we have become accustomed.

And we certainly cannot rely upon the continuance of order within the continental States. The difficulties with which we shall be confronted at the end of the war in this country will affect

to a greater or less degree every continental belligerent as well. The one important difference that I can see tells indeed entirely in our favour, for unless the war be very much prolonged, we shall have the means, as I hope to show, to deal with the problem if we care to employ them. But for some of the continental Powers, notably Austria and Germany, I can see no possible way out of the chaos into which they will certainly be plunged, except by a complete reconstruction of the Government from top to bottom in a way hardly conceivable without civil war. Whatever be the ultimate outcome abroad, there will quite certainly be enough happening there during the first years of peace to keep the revolutionary idea alive here. As has been shown by the extraordinary meetings to acclaim the Russian Revolution, that great event has already had a profound influence. Such a thing occurring after the war could not fail to have a tremendous effect on a people struggling with poverty and unemployment. Revolutionary ideas are always infectious, and even if the state of things that must prevail abroad after the war is such as can be adequately described by Sir Edward Grey's mild phrase as "worse than 1848," the discords

of the Continent will not be without an important influence here.

I have hitherto confined myself mainly to showing that the changes caused by the war must necessarily have broken up the innate conservatism of the British people. To a large extent their established way of looking at things must have been altered. This we can say for certain, there is more difficulty in saying what new ideas they may so far have imbibed. In the first place, there has been a great mixing up of different sections of the proletariat. People from backward rural districts have been brought in contact with trade unionists and Socialists from the industrial towns. Practically every idea current among sections of the people before the war has been given a new opening to spread and to reach those who hitherto hardly knew of its existence. And, on the whole, the conditions for spreading new ideas have not been unfavourable. More or less clearly, every intelligent soldier has had at the back of his mind the problem with which this book attempts to deal. The question of what has to become of him after the peace, however much more pressing matters might demand his attention, has never been entirely absent from his mind. The character

of the new army, too, as that of Cromwell's "New Model," is such that in almost every company there must have been some individual capable of formulating the question in an intelligent manner, and discussing ways of dealing with it. The slow, tedious months of trench warfare, unlike the rapid marches and swift battles of other days, have given plenty of opportunities for discussion and thought, so that it is unlikely that any opinion strongly held by a number of men could long remain unknown to their comrades.

It would not do to assume from all this that the new army as a whole is likely to have become permeated with any one political or social idea. The point is that there has certainly been a very great opportunity for various new ideas to spread under most favourable conditions. "Custom is king," indeed, but the men of the new army, where custom can have had little power to shackle thought and criticism, have been living from day to day a life in which all was unaccustomed. The same applies to the war workers, both men and women. They have been living in a new world, compelled by the very nature of the case to consider new things, or things at least new to them. Their minds

have been rudely torn from the safe anchorage of use and wont, they have been flung, not only into strange circumstances, but among people of varied ideas and experience. Hodge has come to town, and however dazed by the noise and hurry can never be the same Hodge again. But it is a new and strange town, and one which must pass away into something equally strange and unaccustomed. It will leave its abiding impression on the spirit, but the tumult and the terror of it must pass away soon, leaving the actors face to face with other adventures equally grave and more enduring. Towards the problems of peace they will bring the spiritual loss and gain, the bitter but dying passions of the war, the remembered or half-remembered utterances of companions in the field or at the forge, to be wholly forgotten in course of time or brought out to vivid relief when the coming of new conditions confirms the truth of half-forgotten words.

The outbreak of peace must bring the results of a great moral revolution into contact with those of an almost equally great economic revolution. Though, no doubt, many trades carried on in the past will rapidly revive after the war, and though during it a large

part of the fabric of British industry has been kept together, it is unthinkable that anything like the old state of things can be revived for a long time. The same rough equation of demand and supply that existed in 1914 can hardly be hoped for in one trade out of ten; that there should be anything like such an equation throughout the Labour world is out of the question. All will admit that the problem must be a far greater one than any of the kind with which we have hitherto been confronted, but I doubt whether any one can make even a guess at the possibilities of it. To many thousands the war must certainly mean a permanent change in life, and it may readily mean that to the majority of the nation. Without attempting to dogmatize about the extent of the problem, it may be worth while to try to define which of the things established before the war may be expected to survive it, and which are threatened with extinction or fundamental change.

Whatever the effects of the war may be, it cannot alter two of the main foundations of national prosperity—the fertility of the soil and the mineral wealth beneath it; while though the death or disablement of so many thousands of men will affect the third, the supply of human

skill, that also will be nearly as abundant after the war as before. These are the bedrock essentials of society, upon which in every civilized nation a complex structure, political, social, and economic, is raised. In times of peace such a superstructure may exist with only gradual and orderly modifications for generations; but in considering a problem like that with which we are faced it is important to remember that it is, after all, only a superstructure. It is as certain as anything can be, that soon after the war the people will be ploughing and digging the land, hewing the coal, and working home-raised and imported raw materials up into goods for exchange. Whatever dislocation may take place at first, and however great the changes that may occur in the meantime, on a greater or lesser scale, the age-long task of humanity will certainly soon be resumed throughout Europe of applying human energy and skill to the earth and extracting from it the necessaries of life. These things are bound to survive after anything short of an earthquake that should swallow up Europe itself. Many other things, no doubt, will also survive, however modified; but it is hardly too much to say that there is scarcely anything else in society of which we

can say with certainty that it is safe. The great majority of the men now in the army will certainly spend most of their remaining days doing some kind of productive work, but not necessarily, perhaps not very often, the same kind of work as before the war. Trades will have changed their locality, or have ceased permanently, while new ones may gradually take their places. This is specially likely to be the case in a highly developed country like ours, depending to such an extent on foreign trade. Our large coal supply will certainly be used in some way or other, and industries, the extent of which will be determined by the extent of that supply, will either be recovered or created: but the encroachments of neutral nations on our old markets, and the changes in the character of demand at home and abroad may modify out of all knowledge the kind of goods manufactured. To give one or two illustrations. Before the war we had the lion's share of the trade in Argentina, to which country we sent large quantities of capital, in the form of railway engines, agricultural machines, etc. During the war Argentina has been compelled to look to the United States for these things. The basis of this as of numberless other British industries lay in the facts that we

have a good coal supply and a competent army of miners here, while we have iron ore of our own and can readily get more from Bilbao, where there is little coal to smelt it. Whatever happens to the Argentine trade, then, there is little doubt that most of our coal-mines will still be worked, and the Bilbao ore will still need to be taken where it can be smelted, and this country having a superabundant supply of skilled labour, the iron and steel so produced will still be made up into goods of some sort or other. There is no certainty, however, that the same goods will be produced or that they will go to the same market. The fact that the skill available in the country has been largely specialized will no doubt exercise a strong conservative tendency, but how far this will decide the matter will depend on changes in the world market, of which we can make no estimate.

Or take what I may call "artificial" trades, those dependent on the demand for national and personal luxuries. The demand for the latter, at least, will be greatly reduced by the war. Europe will hardly escape from this conflagration without either a widespread repudiation of national debts, involving ruin to a very large part of the wealthy class, or such a drastic

system of income taxation as will cripple the whole of it for many years. Luxury trades, then, are certain to have a very bad time, and to give place to trades producing more necessary things.

And so we may expect, and indeed hope, the great luxury trade of governments, the trade in armaments, will be very greatly affected at least for a number of years after the war. Governments have generally spent all the money they can spare on armies and navies; and the last generation being on the whole one of peace and prosperity, there was a constant increase in the amount spent on armaments everywhere. This aspect of the armament question has not, I think, been sufficiently recognized. The jealousies and fears of nations were indeed the primary motives at the back of the steady increase of naval and military expenditure during the armed peace, but it was the rapid growth of wealth in the industrial States that gave the economic opportunity for that expansion. A poor nation can, it is true, train all its citizens to arms, but only a comparatively rich one can afford ships and guns of the enormously costly nature of those used in this war to arm them with. As through the expansion

of industry it became possible to arm men in greater and greater numbers and with more and more expensive weapons, the armament trades became increasingly profitable, and a larger and larger part of the inventive energy of the nations was turned on to make more destructive, and incidentally more expensive, weapons of war. But the growth of the industry was always dependent upon the expansion of wealth generally, upon the power of modern capitalism to produce surplus value. Militarism, like any other parasite, can never grow beyond its " host's " power to feed it, and the host in this case was the national revenue.

But throughout Europe after the war there will be no national surpluses on which the armament trades can rely, but only national deficits. The position, as we shall see later, will not be so hopeless in this country as on the Continent, but even here there will be obvious difficulties in finding money for great military developments. It is hard to see, also, what excuse there can be for buying rifles, cannon, ammunition, or Dreadnoughts. The country will be flooded with these things, with weapons enough to arm the whole population. There will be more battleships than we can man consistently with carry-

ing on the trade of the country in time of peace; and whatever method may be adopted of demobilizing the army, the Government is more likely to wish to dispose of their surplus weapons and accoutrements than to buy more.

These instances may suffice to show that there must be widespread changes in the character of trade, especially on its first revival after the war. Possibly, too, there may be a great shrinkage, either temporary or permanent, in its total amount. Certainly in many, probably in the great majority of trades, Labour and Capital can only resume their regular work after a prolonged period of readjustment. Even should there be, as some suppose, a boom in trade to follow the war, the things in demand will vary greatly from those required under ordinary conditions; it will be a demand for commodities of reconstruction rather than of consumption, causing an enormous demand for some kinds of labour and very little for others.

If into this chaos we throw millions of discharged soldiers, all anxious for work, and all feeling rightly that they above all others have a claim to the gratitude of their country, it is impossible to exaggerate the mischief that must ensue. Every one realizes this to some extent,

and some scheme of gradual demobilization is sure to be adopted. Unfortunately, no one can even guess how fast, if ever, the normal industries of the country will revive, nor what trades will do so first and what kind of labour will be wanted. Any scheme for demobilizing the army at so many regiments a month or a quarter, which may be devised beforehand, cannot bear any relevance to the unknowable demands of the labour market. But if it be impossible to guess, even approximately, the rate of revival in the demand for labour as a whole, it is manifestly even more hopeless to foresee the proportions in which the different trades will take part in it. Suppose on a given day we demobilize (because that method suits the convenience of the War Office and has been planned beforehand) ten battalions of men. Among these there may be a thousand engineers, a thousand textile workers, and a thousand coal-miners. As any plan of demobilization of this kind must necessarily be made in complete ignorance of the prospective condition of the labour market, it may very readily happen that on that day there is a demand for two thousand engineers, five hundred textile workers, and for no miners at all. This would leave the engineering trade insufficiently manned, whilst

turning one thousand five hundred men on to the streets; to carry such a process out till millions of fighting men were affected by it would, I am convinced, be the direct road to anarchy and civil war.

The problem before British statesmanship now is that of carrying out a revolution "in due form of law": it is not a choice between revolution and reform. Revolution we shall have in any case, for one-half of the work of revolution is already done: we are in the revolution here and now. So long as a social order, however faulty, is in existence and can be "made to work," the method of reform is generally the true way of progress. It is by no means necessarily the slowest or least thorough way of going to work. On the contrary, by far the larger part of the fundamental changes that have gone on in society from the dawn of civilization till to-day, have been the result of gradual modifications going on continually rather than of great revolutionary alterations. I think it very likely that if there had been no war quite as far-reaching, changes in the minds of men and in the structure of industry might have taken place in the next few decades as have actually been accomplished in the three years of war. In

that case, however, legislative changes rendered necessary would have been carried out also, without any strong realization among the people of their fundamental character, which nevertheless in their cumulative effect might have been quite as drastic as any forced upon us by the coming crisis. Time and the slow, continuous action of the air and water destroy more buildings than fire or flood, but they do so gradually, and the work of restoration can be carried on in a regular and orderly manner. When, however, the building is burnt down or washed away, it is useless to send round to the plumber or the painter to put matters right. One-half of a revolution has taken place, the house is destroyed; it is necessary to complete the revolution by building another.

And if we are to get through the trying times before us without anarchy and bloodshed, it is before all things necessary that the nation should grasp the essentially revolutionary character of its task. Revolution does not necessarily mean civil tumult, nor does civil war necessarily produce important political results. All the civil wars of South America have accomplished far less than the fundamental revolution in Russia. The one that mattered most

perhaps was that which changed Brazil from an Empire to a Republic, and that I believe took place without any fighting at all. None of them arose over a problem anything like so far-reaching as that which confronts the British people, and indeed all Europe, to-day. To solve this problem without violence but with wisdom and resolution is the task of our statesmanship.

CHAPTER II

THE PROBLEM OF DEMOBILIZATION

In a certain broad sense, the whole of the difficulties with which the country will be called upon to deal at the coming of peace, may be summed up in the word "demobilization." The process begun by the war consists mainly of the mobilization and subsequent demobilization of substantially the whole nation. At the outbreak of war, every one capable of bearing arms or of making munitions is taken out of his or her allotted niche in life and placed for the time being in a new one. In the course of the war itself the old place is destroyed or occupied by some one else, or at least is rendered for a time unavailable. With the coming of peace begins the work of replacing people in their old positions, where that is possible or desirable, or of finding new outlets for their energies, where it is not. Only when the working power of the country is

again in more or less permanent employment can the work of the revolution begun in 1914 be said to be completed. The political and other readjustments rendered necessary by the change, important as they may be, should rather be looked upon as secondary consequences of the revolution, than as essential to it. Each individual unit in the vast multitude disturbed by the war has the same object at the peace—to settle down into some satisfactory way of making his or her living.

The nation will, in the first instance, be faced with two large armies of persons whose temporary work has utterly ceased—the munition workers and the soldiers. Along with these there will be a third army employed in carrying on that part of the normal peace activities of the country which have continued throughout the war. It is even conceivable that this third army may itself be quite competent to carry on such of the old industries of the country as remain to us after the peace. They have actually done a great part of this work all through, together with a great deal of indirect war work also. It may very easily be, for instance, that the miners now in the pits may be enough to raise all the coal required; for though some of our export trades

will revive at once and we shall be better supplied with household coal, the naval and other war demand will fall off. Supposing, no improbable thing, that our trade were found to have shrunk to the level of the beginning of the century, the experience of the war has shown that that volume of trade could be carried on under present-day methods with a very much reduced staff. When we think of the effect of a sudden suspension of all war orders, it seems certain that, without considering the army at all, the demand for labour will for some time at least fall short of the supply. Whatever may be the case with the *total* quantity of it, the *kind* of demand cannot be expected to bear any relation to the quality of the supply. The reviving peace trades will perhaps only seldom, and then accidentally, call for labour in which those who have engaged in war work are expert. Even without the demobilization of the army, then, we shall probably have a very serious unemployed problem after the war, if not because of an actual surplus of labour power, at any rate because of the inexperience of many of the workers in the kinds of work required.

If into such a labour market we fling the millions of soldiers now with the colours, no

words can describe the chaos that must certainly ensue. To my mind, such an action by the Government would in itself be tantamount to a declaration of civil war. During the last sixty or seventy years, the working classes have painfully built up an elaborate organization, even yet inadequate to deal with the ordinary troubles of the industrial world. Trade Unions, Co-operative and Friendly Societies, do what they will, are unable to keep the mass of the proletariat above the poverty line, even in good times; they are still less adequate to support the strain of recurring periods of trade depression and unemployment. Before the appalling disproportion between demand and supply in the labour market, brought about by such an ending to the war, they would be utterly helpless. The workers would have no choice except between starvation and civil war.

Dimly enough this is recognized, and I am not aware that any one has been hardy enough to advocate the wholesale discharge of Kitchener's Army. Some method of regulating the discharge will certainly be attempted, but there is as yet no indication of any scheme that does not imply the occurrence of the industrial scramble on a hardly less gigantic scale than would be involved

by instant and complete demobilization. *Any* plan for disbanding the soldiers by instalments, however slowly, must be made in complete ignorance of what will be the condition of the labour market at the time each instalment comes into it. Plans made to suit the convenience of the War Office or the Government have necessarily no relevance whatever to the only thing that matters vitally—the growth of the demand for labour in quantity and kind. No doubt it might suit the War Office very well to pay off surplus men by military units; but it would obviously only be by some extraordinary accident that any regiment or brigade would consist solely of men whose original trades were all calling out for labour at the same time. Yet a War Office plan of demobilization would almost certainly be determined by War Office convenience, which the officials will naturally understand, not by any consideration of the demand for labour in 1918 or 1919, which nobody—not even the experienced business man—knows, and of which War Office officials can form no conception whatever.

Various schemes have been put forward, and ideas based on the experience of the war have been advanced, aiming at an immense increase

in the production of the nation. With these I shall deal further in a later chapter; for the present it is enough to note that, even if by their means our trade can be so increased as to absorb in industry the whole of the population, at least industrial reforms of this character will require time, many years in fact, to operate. But it is at once, not at some distant time, that the problem of unemployment must be tackled. We cannot wait until British trade has opened new markets on a huge scale, for the daily bread of the people. Any scheme, however imperfect, that can be put into immediate operation, has a great advantage over even the best-laid plan for the ultimate solution of the problem. We shall be called upon at the close of the war to consider an immediate crisis, not a plan for the future: or rather, we must so deal with the immediate problem ~~so~~ as to gain the necessary time to develop future plans. For if once we allow the wholesale flooding of the labour market, there will be no possibility of considering anything else. There is no way whatever of dealing with such a glut of labour, if ever it occurs; therefore, it must not be allowed to occur at all. As there is no possibility of estimating the rate at which industry will be able to absorb the

surplus supply of labour after the war, our method of preparing for the crisis must not be based on any fallacious attempt to make such an estimate. A method must be devised which will release men from the army only as the labour market, whether its recovery be fast or slow, is able to receive them. Not some knowable factor, like the convenience of the War Office, of the Government, or of the taxpayer, but that utterly unforeseeable one, the expansion of the labour market itself, must determine the whole matter. Is it possible to devise any plan sufficiently elastic to allow of demobilization as rapidly as the labour market requires if and where the revival is rapid, and slowly enough to avoid flinging our gallant citizen soldiers into poverty if it revives only slowly, or where it never revives at all? I think there is, but to discover it we must look at the matter from a different point of view.

What is the ethical relation between the nation and its new army? The State, either by voluntary enlistment, by social pressure, or by legal compulsion, has taken the soldier away from his old work at a time of national need. For the fact that this need had arisen, the soldier himself was neither more nor less responsible

than his fellow-citizens, who by reason of age or sex were unable to fight. He did not make the war, he did not ask for it, nor was he consulted in any way as to the time at which he should take up this new work. He left his old work for *our* convenience, at *our* time, and because of *our* national needs. Very often he did this at a very great sacrifice for the sake of the nation. As the result of his patriotism, he will find himself face to face with the task of finding new work or of recovering his old. This many, perhaps most, of the soldiers will be unable to do at least for a considerable time.

It is clear that the soldier himself is in no way whatever responsible for this. Whatever plausibility there may be in the view that the percentage of workmen who fail to get employment in busy times are unemployable, and whatever reason there may be in the statement that those who get paid off first in bad times are, on the whole, less efficient workmen than those who retain their jobs, this particular case of unemployment admits of no explanation that is not altogether to the credit of the soldier. Whatever happens, the soldier should not be allowed to suffer in any way by it. The responsibility for the matter is entirely a national one, and it is for the nation

and the nation alone to bear any burden that may result from it.

Now, except in a very feeble way, the nation has not hitherto made itself responsible for the problem of unemployment. If a man for any cause loses his work, it has been regarded as entirely his business to find another job—or to starve. Much pressure put upon the local authorities and the State, the work of the Labour Exchanges and the unemployment provisions of the Insurance Act hardly affect the substantial truth of this. And however we may resent the indifference with which those flung out of employment, by fluctuations of trade or other causes, have been left to struggle for themselves, at least it could be claimed that ordinary unemployment does not come about in consequence of patriotic service, specially undertaken at the request and for the benefit of the nation.

This new kind of unemployment should be treated in quite a new way. The war, the peace and the settlement after the peace, divide the life of each temporary soldier into two sections divided as by a chasm. Across this chasm they have to be transported from a safe position on the one side to an equally secure or a better one on the other. Until the soldier is again settled in

some peaceful work on the far side of the chasm, the duties of society towards him have not been discharged. The responsibility for doing this is a national one, pure and simple. In the past, the unemployed problem has been treated as an individual one—to the unemployed man himself has been left the problem of finding work, and to him has been left the penalty of failure, individual poverty, and destitution. There is no justification for such a course in this case. The problem is caused by national exigencies; the responsibility for finding work should be a national one; and the penalty for failure should fall, not on the soldier, but on society.

How is the nation to shoulder this responsibility? We have taken the soldier from his work when it suited *us*, he should not be discharged from the army until it suits *him*. He has been engaged for the war on certain conditions: he has a sufficient ration, his clothes are provided, and, if he has a family, in addition to a pocket-money wage, there is a regular allowance for his wife and children. So long as these continue he is safe, at least from destitution. The moment the Government discharges him, his difficulties begin. He may or may not find employment, but in the conditions likely to prevail for some

years after the war, it seems very unlikely that he will. He will be almost helpless, condemned to tramp the country from one over-supplied town to another, until driven desperate and filled with bitterness against a country that has treated him so ill, he becomes ready for insurrection and revolution. If, however, we do not discharge him at all, but leave it to the soldier himself to decide when he shall give in his notice to leave, the position will be in his own hands. No doubt, most soldiers will be overjoyed when they can leave the army for good civilian employment, but a wise man will think twice before he surrenders even army pay and food for a desperate tramp in search of work. If he knows of a job, he will take it, and he may even seek diligently for one, if by going in search for it he is not losing the separation allowance that is keeping his family from poverty. He will be in a position, too, to exercise some discrimination in the kind of work and the conditions of pay that he will accept. Wages of fifteen or sixteen shillings a week will not do for the old agricultural labourer who is now being kept himself, while his wife and family are perhaps receiving half as much again as that. The town labourer will like to know something of the character of any employer

for whose service he leaves the safe anchorage of army pay. Both will be anxious to know that by taking any particular work they are not undercutting or depriving of a job some unfortunate who has no such reserve occupation as their own to fall back upon.

In fact, if we adhere strictly to the principle that no soldier shall be discharged until he himself voluntarily fills in a notice to leave because he has found or been offered a position to his liking, we shall find almost all the problems created by the war greatly simplified, and already half-way to a solution. There are three classes of labour vitally concerned in a true settlement of the demobilization problem : the soldiers themselves, the regular workers who have stayed at home, and the women who have been drawn into industry during the course of the war. I think it is all to the good that the openings for women have been so largely increased during the war. The scandalous rates at which women's labour has generally been paid, largely arose from the fact that such a very small range of choice of occupations lay before the woman worker, to whatever class in the community she belonged. The war has, at any rate, opened up to her many new avenues of employment, and rendered it

not only desirable, but practically possible, to organize women's work. But if immediately after the war we are to have a scramble between women, trade unionists, and discharged soldiers for employment, women will be driven from their new positions, or will only retain them at the cost of a terrible conflict with those who did the same work before the war. Each section will be driven by the whip of hunger to fight for what work there is. There will be a premium on intolerance and narrowness of view, which will destroy all prospect of a progressive adaptation of the industrial world to new and more liberal conditions. The interests of the three classes are really one—to see that there is no unmanageable glut in the labour market.

With regard to trade unionists. Various pledges have been given to them for the restoration of Trade Union regulations after the war. These pledges are, I am convinced, either useless or unnecessary. If the Government allows the labour market to be flooded with possibly millions of unemployed, no power on earth can possibly prevent the employing class from taking advantage of the situation—like so many other Government pledges, these would be swept away as by a flood. The Trade Unions alone can

look after the restoration of their rules, or, what is perhaps even better, the substitution of new ones suited to the altered conditions of the time. Whether they will be able to do this or not depends on their strategic position after the war. If the Unions find that there are few men at the factory gates seeking employment, they will look after the restoration of their own rules themselves, and Mr. Lloyd George need not worry himself about his pledges.

Again, this method of demobilization is one that will work equally well whatever the rate at which industry in general or in any particular trade will revive after the war. If the recovery is rapid, there will very soon be a large number of jobs offered, and demobilization will proceed apace; if the revival is slow, demobilization will also be slow. If one trade recovers rapidly, there will soon be a number of men accustomed to work at it taking their discharge; another more slow to revive will draw more slowly on the army; a third, which turns out to have been lost altogether, will leave its old employees in the ranks until some other kind of work be found for them. The army will be like an immense reservoir of surplus labour, from which any particular industry can be supplied as soon as it

is in a position to offer decent terms of pay and security; but it will serve effectually to prevent an immense flood sweeping over the whole field of industry and carrying with it every safeguard built up by the proletariat for the defence of the standard of life.

The soldier who has fought for his country will be placed in a position to make a fair bargain for his labour. If anxious to return to civil life as quickly as possible, he may, it is true, look out for employment, but he will not necessarily be compelled to play the suppliant for work. More often, the employer will come to seek him. While it ought not to be the business of the War Office to press the men to leave the army, it would, of course, be justified in posting up any information obtained through the Labour Exchanges about work to be obtained; while employers seeking labour would be at liberty to come to the camps and make bargains with the men there. Conscious of the fact that his position was secure, the soldier would have no need to accept any offer made to him. What is equally important, he would not necessarily feel compelled to go back to the same trade. If he had been uncomfortable before, this would be the opportunity of his life to make a permanent

change, so that, no doubt, numbers of men would only leave the army "to better themselves." The plan relieves us of any danger of a bureaucratic attempt to decide what are the proper conditions for the discharged soldier. The State takes a man from his work when it wants him; it undertakes to keep him on a certain scale till he has got work equally satisfactory, but it makes no attempt to dictate to him what is "satisfactory." He is free to determine that for himself, and thus when he does finally return to civil life, the nation can fairly claim to have done its duty by him. Free to choose, he has voluntarily taken work with which he is satisfied, and if he has chosen unwisely that is his fault.

There remains to be considered the case of the munition workers. They are the very last people for whose services there ought to be any immediate demand at the close of the war, for the simple reason that whenever the war ends the country is certain to be stocked with shells, explosives, arms, and munitions of all sorts beyond any possible requirements in time of peace. Yet they, too, if not on a definite contract as to wages and pension, have been taken by the nation from their old occupations for the con-

venience of the nation, and will then be on the look-out for fresh posts. It seems to me that here is a fair case for demobilization on some prearranged method. If relieved from the competition of millions of demobilized soldiers, there ought to be little doubt that they would all obtain employment before long. Still it is very doubtful whether industry will recover rapidly enough to enable all of them to get work at once, and some scheme of demobilization is required even for them. In the first place, every munition worker in a controlled establishment should be allowed a free pass to any part of the country he or she preferred, together with a money allowance enough to tide them over the period of unemployment which many may have to face. In order to adjust supply and demand as far as possible, the allowance should not be paid out in a lump sum, but distributed according to a prearranged plan, a certain proportion, for example, of the average wages obtained when making munitions for ten weeks, a smaller proportion for fifteen weeks, and a still smaller proportion for twenty and twenty-five weeks respectively, at the choice of the worker. A slightly larger total sum should be granted when the longer terms are chosen, so as to offer an inducement

to some of the workers to prefer them and so ensure that the munition workers only come into the labour market gradually over a period of six months. Of course, if a munition worker obtained satisfactory employment before his allowance was exhausted, his temporary pension would cease.

If the plan, here outlined, is adopted, I am convinced the immediate situation after the war can be kept in hand. The thing is to give the existing organizations of labour a chance to deal with the matter effectually. The Trade Unions, from one point of view, have been weakened by the war, their regulations have been "diluted," and all sorts of practices have crept in that would never have been tolerated during peace. Yet, on the whole, there has been little lowering, perhaps there has even been an improvement of the standard of life, for the immense demands of the army and for munitions have restricted the available supply of labour. At the same time the Unions have become financially stronger. There has been in many places a great increase in the number of Unionists, while co-operation has grown by leaps and bounds. And there has been very little drain on Trade Union funds—strikes have been prohibited and unemployment

benefit reduced to a minimum. The funds in the hands of the Unions must, therefore, be very much larger than before the war. If only an effective means can be found of adjusting the supply of labour to the demand, I have no doubt it will be quite possible to recover for Labour all and more than all it has lost during the war.

And as industry recovers, a larger part of the immense reserve of labour now in the munition factories and the army will be reabsorbed through the ordinary demands of employment. True, this will only take place when and as labour is offered fairly good conditions of employment. The sweater and the industrial martinet will have a very bad chance of securing victims under this arrangement. There will be a strong tendency for the old process of securing work to give place to a new one. The workman will no longer have to seek work; the employer will have to come to the barracks or the camp to seek him—in itself a fundamental and revolutionary change in the relations between employers and employed. But employers will want to execute orders, and they cannot do that without labour. Rather than stop work they will, I doubt not, accept the new conditions, and before

long, whether on a reduced scale or not, we shall see those industries healthy enough to afford steady employment and good wages, busy and thriving again. Trades that cannot afford to do this will go under, but it is no part of good public policy to keep such industries going, and it would be much better to keep those who worked at them before the war in temporary unemployment until something better can be found than to bolster up a weak industry by a supply of sweated labour.

But even after industry has absorbed all it can, I am convinced there will be a very large reserve of labour left in the army, for which no employment can be found that way. The demands of the war have drawn many thousands of people into the labour market, which was always overcrowded even before this new addition. Our customers abroad and at home must have been greatly impoverished by the war, and it seems likely that for a long time to come demand will be less rather than greater for British and other manufactures. I should be surprised if the method of demobilization here suggested did not leave the taxpayer saddled with the upkeep of an army altogether disproportioned to the needs of the nation in peace, even

if at the peace itself no arrangement for reduction of armaments is made, which would make even the old army unnecessarily large. It thus appears that we have got rid of the danger of immediate anarchy in the labour market, with its menace of civil war, only by changing the character of the problem and not by settling it. It is a problem now for the taxpayer, for the nation at large, not for the individual soldier discharged without prospects, or for the men who have borne the brunt of the national struggle. True, we have immensely improved the position by the change. Whatever difficulty there may be in making a final settlement, that difficulty has to be faced by the nation, whatever burden there may be has to be borne by the nation, not passed on to those to whom the nation owes more than it can ever repay. The fate of the heroes of Waterloo and Balaclava will not be the fate of the soldiers of this war, and whatever inconvenience that may mean to the taxpayer, it is much better that he should pay than that our soldiers should be driven to the workhouse or the sweater's den. But, of course, no one will consider the maintenance of possibly one or two million young men in permanent idleness a satisfactory solution. That is the problem we, the

nation, have to face. The advantage of a sound method of demobilization is that it places the burden on the right shoulders. You have here a thing that no Government could shirk, as Governments have shirked the problem of the disbanded soldier in the past. If only Governments can get rid of this problem, which occurs on a smaller scale after every war, by merely disbanding the soldiers and leaving them to be forgotten and starve, we know from bitter experience that Governments will not scruple to do it. But if we refuse to allow the Government to disband the army compulsorily, and insist upon its maintenance appearing as a heavy charge in each year's Budget until some satisfactory outlet has been found for his energies, the soldier will *not* be forgotten. On the contrary, he will be one of the most pressing considerations of our statesmen; he will be a constant subject of thought and discussion; his will be a problem that no politician can afford to ignore. With that problem I shall deal in later chapters, but meanwhile there is something to be said on one probable result of the plan proposed.

The Military Service Acts naturally gave rise to a stormy controversy. So splendid had been the result of the appeal for volunteers, that

to many it appeared that if we could not win the war with the fine army recruited that way, the comparatively small number of reluctant young men who had not joined the colours were hardly likely to turn the scale. With the millions of France and Russia already in the field and millions of our own to add to them, it seemed ludicrous to contend that a few hundred thousands could make much difference one way or the other. There was a widespread feeling that the real motive behind the press agitation which forced the change on the Government was not to obtain a temporary increase of men, but to fasten conscription on the nation for good. With this was a strong suspicion that the real purpose was not military at all; but that the intention was to lead up through military to industrial conscription, and to leave the working classes at the end of the war helpless in the hands of the employers. Probably there was a good deal of genuine conviction behind the conscription movement, and much more also of mere panic, but neither suspicion was, I am convinced, unfounded. Every profession, and certainly the military one is no exception, tends to "magnify its office," and it is natural enough that soldiers should think

a very large permanent army desirable. Naturally, too, they are not Quakers, or they would never have become soldiers, and they inevitably tend to think that the first duty a man owes to his country is to fight for it. There is nothing strange about an army officer being in favour of conscription, and even those who, like Sir Ian Hamilton, have opposed it, have done so, I think, not on principle, but because they think a voluntary army of professional soldiers better suited to the needs of the British Empire. But any professional view is necessarily a narrow one, and here again the army view is no exception, and the civilian knows that there are many ways of serving his country equally well without fighting. Again, in the revival of the Protectionist movement, in the scandals of "profiteering," and in the abuses that have already appeared of the restrictions put upon the freedom of labour during the war, we have evidence enough that many employers do hope to use the national emergency as a means of depressing labour. No doubt, many of them would be very glad to turn the army into a strike-breaking machine, and some may have looked to conscription as a means of doing this.

I never felt much fear that either scheme would succeed, and I am pretty sure the plan of demobilization outlined in this chapter would defeat both. After the war the urgent problem will not be how to get more men into the army, but how to get rid of the number we already have there. Nobody in his senses will wish to make the problem, grave enough in all conscience, any worse. But every new man enlisted either voluntarily or by compulsion obviously does add to the difficulty. Far from continuing conscription, the only sensible course on the conclusion of peace is to stop even the ordinary voluntary enlistment until the numbers of the army have been reduced to manageable dimensions. I am convinced that any attempt to continue conscription after the war will break down before the logic of facts.

Neither under our system will there be any danger of a depression of labour. On the contrary, the working man will never have been in a stronger position. The reserve army of unemployed, on which the employer has hitherto been able to rely, will hardly exist, at least for a number of years. The workman should have little temptation to violence, because it should be very easy to obtain reasonable de-

mands without it. Under these circumstances there could be no excuse for calling in military assistance in disputes, and employers who had hoped to gain more power by the war would find themselves with a good deal less.

CHAPTER III

THE PROBLEM OF FINANCE

THE method of demobilization outlined in the last chapter leaves the nation to face a grave financial problem. There is no certainty, indeed there is no probability, that the ordinary trade demand for labour can revive rapidly enough for a long time after the conclusion of peace to re-absorb all or nearly all the millions of soldiers, the demobilization of whom will be the most urgent problem of the hour. A heavy financial burden will be imposed on the taxpayer, who will have enough to pay in any case, and while we cannot consent to any shirking of the tax-payer's duty at the expense of injustice to the soldiers, we should do everything we can to lighten the burden as quickly as possible. Before making any suggestions on this point, however, it seems desirable to consider the effects of the war on the finance of Governments and the economic position both in this country and abroad.

It must be remembered that while we are considering the problem of reconstruction in this country alone, the same difficulties with which we shall have to deal will confront the Governments of all the other belligerents at the same time. There will be important variations in detail in every land; but at least in those countries that came early into the war most of the differences will be of secondary, not primary importance. All the belligerent nations have been fully mobilized, as nations not merely as armies on any former scale, and the same problem of practically universal demobilization has to be faced everywhere.

True, such variations as do occur tend, with one all-important exception, to make the problem simpler in other lands than in our own. This is the most highly industrialized country in the world, depending to a much greater extent than any other on trade and manufactures. This fact complicates the problem for us. In the case of a nation where a large proportion of the army consists of peasant landholders, these, at any rate, can return to their holdings as soon as peace is declared. Nor is there any doubt about their prosperity when back on the land. However slowly the demand for other things

may revive, that for foodstuffs will be good from the beginning. For this reason the problem of demobilization in such countries as Russia and the Balkans will be relatively easy; while in the West, in so far as the soldiers have been drawn from the land, it will be easier than when they have been taken from the factories. But in Belgium and the industrial parts of Germany and France, and to a lesser extent in Italy and Austria and other countries, millions of men have been withdrawn from industry who cannot possibly return to it until trade has had time to recover, and in many cases to develop on new lines. In each of these countries, too, the moral reactions of the changes brought about by the war will be more or less similar. These men also have been violently taken out of the ruts in which their old ideas, political and other, have been moving. There, too, the new and the old, the unthinking and ignorant, have been flung against the revolutionist and the constructive reformer, and been driven by the questioning inevitable amid strange and difficult surroundings to absorb new ideas and interests.

But there is one thing in which this country has a commanding advantage over all others in Europe, at least over all the Western lands.

However great the expense of demobilization on a satisfactory system, it should be possible to find the money to do it. Alone among the belligerents on this side of the Atlantic, this country will not, unless the war be very much prolonged, be faced with bankruptcy as soon as the war ends. This is the supreme service our Free Trade system of finance has performed for the country. Each of our Budgets since the beginning of the war has planned for an increase of revenue from taxation, sufficient to provide interest on any money which had been borrowed up to the time of its introduction, as well as what it was estimated we should have to borrow during the forthcoming financial year. Mr. Bonar Law's estimates of expenditure this spring have been so far exceeded, and his margin was so inadequate that if the war lasts till the end of March it will yet be necessary to impose fresh taxation after the war. Hitherto, however, we have been in such a position that at whatever moment the war ceased the existing taxes would always provide for the ordinary expenditure of the Government and the payment of interest on the debt, with a margin for repayment and contingencies. I by no means intend to imply that our finance ministers have been sufficiently

courageous in this respect—we ought to have raised more by taxation or by "conscription of wealth," but at least we have planned out our finance with some regard for the future and in such a way as to render an immediate financial crisis at the close of the war highly improbable.

This has been possible because of what I may call the positive side of our Free Trade fiscal system. When Peel reformed our tariff it became, of course, necessary to provide a new source of revenue to compensate us for the loss of customs, and the income tax was imposed as a temporary expedient. The impatience with which it was for years accepted, trifling as the rate of the tax generally was, bodes ill for the Governments of the Continent when they find themselves compelled to imitate our expedient, but on a scale many times as severe. Thirty years after its imposition Gladstone promised to abolish the income tax if returned to power, and even later, so good a Radical as Thorold Rogers was still grumbling about it. Nevertheless, the income tax held its own, until use had at last reconciled the upper and middle classes to its necessity and justice. It did so by reason of its superiority as a fiscal expedient even in time of peace. The abandonment of

such a precarious source of revenue as Protective taxes and the institution of a system of direct taxation put British finances on a sound footing. Since then, during wars, our National Debt has of course grown larger, but in almost every year of peace since that day there has been a surplus for repayment of debt. Thus between the Crimean War and that of South Africa the liabilities of the State fell from £836,000,000 to £635,000,000, while between the Boer War and the outbreak of the present one £90,000,000 was paid off the principal of the debt. The new tax was equally effective in time of war. Since it was imposed, at least we have always been able to adjust our taxation so as to raise enough new income in each year of war to pay the interest on the debt contracted in it and to leave a surplus towards the war expenditure itself.

To raise by extra taxation at least enough money to pay the interest on new debts, and to carry out some systematic plan of repayment during peace, is so obvious an essential of prudent finance, that once adopted in any country, it is perhaps natural to take it for granted. The plain fact is, however, that none of the great continental Powers has done anything of the kind. Indeed they could not without entirely

changing their fiscal systems. The mere fact that a penny in the pound on the income tax will yield nearly as much revenue as 850 Protective taxes realized in 1840 will help to show the reason for this, but a few figures will prove it. In 1876, after paying the war indemnity to Germany, the interest-bearing debt of France stood at £796,000,000; in 1913, with no great war intervening, it had increased to £1,012,422,000.

At the earlier date, the German Empire had no debt; on the contrary, a large part of the indemnity received from France must have been still unspent. Yet, after over forty years of unbroken peace, the debt of the German Empire in 1913 amounted to £242,743,000. The rate at which the Central Empires were accumulating debt before the war may be gathered from the following table :—

ENEMY DEBTS BEFORE THE WAR.

	German Empire.	Twenty-six German States.	Austrian Empire.	Hungary.
	£	£	£	£
1907	193,044,000	648,000,000	410,158,000	229,175,000
1912	242,743,000	785,000,000	519,631,000	274,702,000

Our National Debt being almost entirely a war debt, few of us probably realize to what an extent those of most other countries are not war debts at all, but the accumulated deficits of peace years.

While the Protectionist finance of Europe was a source of disputes among nations, and thus at any time likely to involve them in war, it was a very bad preparation for war itself. It rendered impossible the accumulation of any adequate reserve of financial strength to meet the emergency of war, in which it was, nevertheless, constantly tending to involve the nations. When once war broke out on such a gigantic scale, it is the literal truth to say the finance of the Continent fell to pieces. Though the people were taxed to the utmost, no continental nation had a surplus worth considering, and the Central Empires, as we have seen, had disastrous deficits. The system of finance pursued in Europe had been pushed as far as it would go; every means that ingenuity could suggest had been employed to squeeze as much as possible out of the people; the vampire of militarism preyed on the national finances, draining them of everything that could be spared, and the result was a steady, if slow, approach to bankruptcy.

Upon the top of this came the war, the first effect of which was to ruin the revenues of Europe, such as they were. If the revenue of a nation is to survive, much less to expand, during war, the greater part of it must be collected within the nation itself. The cutting off of foreign trade, of course, at once lessens a revenue derived from customs, even when the pressure of war prices does not compel the Government to suspend such taxes altogether. But the necessities of the position forced all the Protectionist nations of Western Europe, even those which were not belligerents, to suspend altogether or in part their duties on foodstuffs and sometimes on manufactures. The regular income of the States must thus have been considerably reduced just at the time when it was most important to increase it. Not having adopted the negative side of Free Trade finance, the abolition of Protective tariffs, the positive side, a system of direct taxation was unknown or undeveloped on the Continent. But it is only by means of a system of direct taxation that the income of a nation can be largely and suddenly expanded in time of war. The Continent had no means of doing such a thing, and practically no provision whatever has been made abroad from taxation for

financing the war, or, what is more to our present purpose, preparing for the position that must follow it.

What is that position? Broadly speaking, Europe, which could barely finance its Governments before the war when the people were relatively prosperous, will find itself with impoverished peoples faced with claims for interest everywhere approaching, and in some cases actually exceeding, the total amount raised by taxation before the war! I cannot see how this is to be met, for the Governments will have no time to think or plan for the emergency. So long as the war continues it is possible to borrow, for no true statement need be made showing the relation of income to expenditure. Interest can be paid out of new borrowings, which the patriotism of the peoples ensures them lending. But ignorance as to the true position cannot be kept up after the war. Interest will become due and must be paid, or the people given to understand that the money is not forthcoming to pay it. The problems with which other Governments will have to deal are essentially the same as those of our own land, with this difference—if we are prepared to meet them honestly and bravely, it seems likely we shall have the means to do so;

with regard to foreign Governments, the means simply do not exist.

"Great is Bankruptcy: the great bottomless gulf into which all Falsehoods, public and private, do sink," says Carlyle, of a similar state of things. We know what became of the French Monarchy in consequence, but the position with which Calonne had to deal was as nothing compared to that of Europe after the war. Yet the two cases present striking analogies. The expenditure of the French Monarchy was then £26,000,000 a year, and the income £18,000,000. Calonne proposed to meet this by taxing the privileged classes, who had hitherto been exempt from taxation. As every one else had been taxed to the utmost, this was clearly the only thing to do, but needless to say the privileged persons flatly refused. The system of the direct taxation prevalent in Europe does not, it is true, free the rich from some share in taxation; but it throws by far the greatest burden on the poor, while for the money they pay in extra prices the landowners at least receive far more in increased rents. It has been calculated that agrarian Protection has raised the rents of the German Junkers by £40,000,000 a year. And they, just like the French *noblesse* object to being taxed. "The

Junkers," says the French Yellow Book, "represented in the Reichstag by the Conservative Party, wish at any price to avoid the succession duties which are inevitable if peace be prolonged. At the last sitting of the session (1913) which has just come to an end, the principle of these duties was voted. This is a serious blow to the interests and privileges of the nobility." Probably, then, like the French *noblesse*, the Junkers will refuse to pay, especially as the demands made upon them will be altogether out of proportion to anything asked from them before the war. And then? "Great is Bankruptcy; the great bottomless gulf;" and the shade of Carlyle may be surprised to find that the policy of the admired Hohenzollerns was only another of the "Falsehoods" to be engulfed in it.

This digression may have served the purpose of showing that we cannot expect to carry out our programme of reconstruction without disturbing influences from the Continent. A position similar to that which brought about the French Revolution must certainly confront the civilization of Europe at the end of the war. What the Russian autocracy was saved from after 1905 by streams of French and British gold, is, as far as I can see, inevitable everywhere in

the immediate future. Only by a miracle can the Russian Revolution be isolated, and only by using the means at our disposal to meet the claims of Labour and the army with justice can the reverberations of continental revolution be prevented from bringing the British Empire to ruin also.

The chief point for the present is, however, that we have in the British Budget, built up by a succession of able and honest financiers, the soundest and most advanced fiscal instrument in the world. This is not saying much, for it would be hard to exaggerate the impolicy and moral cowardice of the world's finance in general. If it is possible to shirk a financial problem by any makeshift, however improvident, or, failing that, to save the purses of the rich at the expense of the poor, the average finance minister is certain to try one expedient or the other. The financial integrity of Peel and Gladstone, of Harcourt and Asquith, have at least placed us in this respect in a more honourable position than most other nations, and their work is likely to be our salvation now. Our financial system enabled us during peace to maintain regular surpluses for the repayment of debt; during war, extensions of the same system have been readily

made and accepted, which, apart from temporary war profits taxes, have more than doubled the income of the State. Thus, with comparatively slight modifications, there is no reason why it should not be equal to dealing with the great problems of reconstruction after the war.

In order to see what modifications are desirable, it would be well to consider what reactions the war itself is likely to have on the general economic position. In the first place, I think it is clear that while mismanagement of the situation may inflict great hardships on those engaged in the essential basic industries of the country, and that even with the greatest wisdom much of this hardship may prove unavoidable, it is hardly possible, in the long run, for any great part of the burden of the war to fall upon those who work in them. Whatever else happens, people must have food, and there must always be a living of some sort for those who till the soil. Whether the demand for them be greater or less than before the war, coal and iron will certainly be wanted, which means that miners and iron-workers will be indispensable and must be paid. Quite possibly there will be many changes in the character of what I may call the manufacturing trades, but whatever be the outcome of the next

few years the *extractive* industries will be necessary and will abide. In fact, taking the world as a whole, there should certainly be a great demand for capital and labour in agriculture, and in the production of primary necessaries, at the expense of the luxury trades. Even before the war, the price of food was rising rapidly, and increased prices were stimulating the development of such countries as Canada and the Argentine, and of all industries that supply such markets with railway plant and implements of agriculture. The flow of capital to these lands has been checked during the war, and in the case of our own Colonies the young men who, in the ordinary course of things, would have been growing foodstuffs, have been fighting in Europe. Many thousands of acres on the Continent have been devastated at the same time, so that the natural increase of production has been turned into a considerable decrease. A famine after the war is, unhappily, not unlikely, and in any case, when the half-starved populations of Germany and Austria are freed from the blockade, we shall have a tremendous competition for what foodstuffs are available, and, possibly, even higher prices than during the war itself. The effect of this acting on a money market drained

of surplus capital must be to raise the rate of interest farmers and others can afford to pay for capital in corn-producing countries, and to render it correspondingly difficult to obtain money for other purposes. Indeed, there can hardly fail to be a considerable change in the disposition of the world's industry from the production of things that can be done without to that of necessaries.

A well-known peer is reported to have said that when other people were making such heavy profits, it was only fair that the landowners should have their share. Such a remark is naïve enough, and reveals a strange misunderstanding of what is actually happening. It is true that sections of the people are making money out of the war for the time being, but nothing is more certain than that, regarding industry as a whole, the war means nothing but gigantic loss. It is not a question of the "right" of any section of the community, landowners or others, to share in the profits of this common calamity, but of its duty to bear its share in the common burden. The certainty of dear food for some years to come means, I fear, that the only class, the proletariat, who ought to have been an exception to this rule, will bear their full share,

but the unavoidable dearness of food should at least be their only contribution to the common loss. So far as legislation can effect it, every penny of the war debt, interest, and ultimately the principal, should be laid upon the shoulders of those who can afford to bear it without degradation of life. That these can afford to pay the whole is clear. At the beginning of this century, the condition of the upper and middle classes in this country was certainly comfortable enough, but since that time there has been a wonderful increase in their wealth and luxury. In the financial year 1900–1 £833,335,513 was brought under the survey of the Inland Revenue Department for the purposes of income tax; in 1914–15, this amount had grown to £1,238,313,397—four hundred millions of increase in fifteen years! If with some improved method of graduation, so that the charge did not press heavily on small and moderate incomes, the whole of that money were taken for interest and redemption of debt, no real hardship would be done to any one. That should be the aim of our statesmanship. In fact, in a modified form, the same question is asked of our rich people as was put to the French *noblesse* at the Revolution, and will certainly have to be answered by the Prussian Junkers

after this war. In one way or another, whether they like it or not, they will have to pay the bill, and, indeed, so far as this country is concerned, the method in which the wealthy class as a whole will have to pay it is practically arranged, as every one liable to income or super tax knows very well. They may be thankful that they seem likely to be able to do this without any greater lowering of the rate of living than is implied in a return to the standards of 1900.

And this, if we adopt the plan of demobilization here proposed, and thus avoid a ruinous glut in the labour market, is substantially what will happen. The increases made in the spending power of the rich during the century will be absorbed in paying interest on the debt and in other charges arising out of the war and the reconstruction rendered necessary by it. But, roughly speaking, this money seems likely to suffice. Assuming this is what happens, there will obviously be a great reduction in the expenditure of the rich, a reduction that must react mainly on the luxury trades. As in most other countries the same thing will happen more or less, there seems certain to be a very large falling off in the demand for all those things

on which the rich have hitherto spent their surplus money.

But while I believe it inevitable that either by the constitutional method of properly adjusted taxation, or by the revolutionary one of confiscation as in eighteenth-century France and in the Russia of to-day, the war bills will ultimately have to be paid out of the rents and dividends of the propertied class as a whole, it is not desirable that the burden should be divided unfairly between the subdivisions of this class. That any section should make an actual profit out of the war would be even worse. If the war increases in indirect taxation were repealed and the minimum on which income tax is levied were restored to its pre-war level, and the amount of money thus lost to the Treasury were recovered by yet higher rates of tax and super-tax on large incomes, perhaps substantial justice might be done as between rich and poor. But between various sections of the rich, it would be very different. True, they would all be taxed in proportion to their incomes, but while with most these will probably be less, rather than greater, after the war, there are many who have made huge war profits, and some who will probably find their profits so increased that even

after paying their taxes they are richer than ever. A large proportion of the general loss will, in consequence, fall on others, who are not more responsible than they for the war which has caused it.

This brings us to the question of " war profits," about which so much has been said. It is deplorable that any one has been able to make money out of the war, but I am convinced that " war profits," as ordinarily considered, are a comparatively insignificant, as they are largely a temporary, thing. Many of them, besides having been cut down to some extent by the tax-gatherer, will, in the natural course of events, give way to peace losses. This is particularly the case with munition and armament factories, which even without any international agreement for reduction of armaments will certainly be subjected to a terrible depression at the end of the war. As I have already pointed out, there will be far too many weapons already manufactured in the country to supply any possible demand in peace, while the immense expansion of the plant for making such things during the war will still be in existence. No doubt many of the firms will be able to keep going, but only by devoting part of the profits made during the

war to modifying their plant and machinery so as to make things required in peace. Shipyards, especially, will probably be busy enough for some time making up for the destruction of merchant shipping during the war. In many places, however, the exceptional prosperity of the war-time will give place to a corresponding depression. By further extensions of the super-tax and the death duties we can rectify the worst cases of this profiteering, and, at any rate, it is much less vital than another with which we must deal.

Broadly speaking, large incomes are derived from three sources—business profits, interest on investments, and rent of land. Any large economic changes, such as those resulting from the war, may affect the three classes whose incomes are derived from these sources in very different ways. It is quite possible, while the income-tax payers as a whole are pretty sure to have their receipts reduced by the amount of war taxation imposed on them, that one or other of the classes might find its position relatively so improved that the war might bring no loss, but rather profit to it, at the expense of the others. This, unless some modification is made in our method of taxation, is very likely to

happen. Beginning with the investing class, let us try to see how the changes brought about by the war are likely to affect each of them in turn.

At first sight it might seem that the investing class will be enriched by the war. The rate of interest has gone up, the old 2½ per cents. must virtually have disappeared, and an enormous new debt has been created bearing 5 per cent. interest. Certainly, people having money to lend will command a high price for it for many years to come. I doubt very much, however, whether that large number of people whose money is already invested will find themselves any better off at the close of the war. A new *rentier* class has been created, who have sunk their money in war loans, and these will receive a very high rate of interest. Such a class existed before, however, and it consisted not only of holders of Government stock, but of investors in municipal debts; while all whose money was tied up in any form of interest bearing security in such a way that they could not recall it at will, but could only realize by selling, were in the same position. All these people have fixed money incomes; if prices rise, they have to put up with it as best they can; if they fall, they may become very much better off than before.

Now, until prices fall far below their present level the old fund-holders and other recipients of fixed incomes will certainly be very much worse off than they used to be. They still receive the same money every half-year, but they can get much less in exchange for it. I am afraid the war must have borne very hardly on many of the poorer members of this class who were not strong enough to pick up any of the miscellaneous kinds of war-work jobs to eke out their money. To them are now added the new creditors of the State, who receive a higher interest, but whose claim is of the same kind, viz., to a fixed amount of money annually, irrespective of what can be obtained in exchange for it.

One effect of the war has been to increase enormously the amount of money that has to be paid out annually to the receivers of interest. The change is not confined to this country, but affects more or less all the belligerent countries. All of them will be burdened for generations with interest payments altogether disproportioned to the money income of society as it has been. Taxes to meet it will come as a burden on the production of the whole world. The effect seems certain to be a great augmentation in the cost of production, and with this, probably, a

permanent continuance of high money prices. In some such way, unless the nations get rid of the burden by repudiating their debts, economic reactions may relieve society of the crushing burden with which it seems threatened. Some day, and that not so far hence, the productive capacity of the world will fully recover. The resources of nature are still the same, the skill and knowledge and energy of the race will not sensibly have suffered, and this skill and energy will again be applied, and will produce as great a volume of wealth as ever. Indeed the actual capital of the world is but little diminished; houses, factories, mines, railways, and other visible forms of wealth are, excepting a small fraction, just as they were before the war. True, a far higher money mortgage hangs over all this wealth, while much of it may have changed or be destined to change hands, but that does not affect the matter. Wealth will again be produced as freely and regularly as ever. Commodities will be exchanged and the exchanges will be regulated roughly by their respective cost at the margin of production, while I doubt not their respective exchange values will still be expressed and the changes effected by means of money.

But the money values may, there is reason to believe, be very different. Not only have the borrowings of Governments been on a gigantic scale, but there has been throughout the world a most unprecedented inflation of the currency. I have no idea of the sum-total of paper money issued since the war began by the belligerent Governments, but certainly it is enough to have a great and abiding effect on prices. In most countries it is irredeemable, and though every Government must desire after the war to retrieve its credit by resuming gold payments, it will certainly be a very long time before many of them are able to do this. And the probable, nay the certain, effect of the whole process will be to extend the use of paper money to the utmost extent to which it is found possible to keep the paper at par. After all, the issue of paper money, in so far as it can be done without loss of credit, is the cheapest way of borrowing money, as the paper bears no interest.

It must, then, be a considerable time before gold payments are resumed throughout Europe, and a much longer one before the industries of the greater part of the world are freed from an enormous burden of interest on the war debts. This certainly seems to involve a continuance

of very high prices, which, in turn, means that people with fixed incomes, the *rentier* class, new and old, will be able to purchase a very much smaller share of the wealth production of the world than they could have done with an equivalent sum of money in the past. I doubt very much whether a man drawing £1,000 a year in the next generation will be very much better off, after he has paid his tax on an unearned income, than one who had £500 a year before the war. Probably the values of things, as expressed in money, will never fall back to the old level. If not, there will be a general tendency for earned incomes, stated in terms of money, to rise, however much the buying power of those who earn them may be reduced. The proportions of the national dividend received by the holders of stock and by those in receipt of salaries and wages will thus be very different from what we might be led to expect from the contemplation of the enormous money debt for which the world has now become responsible.

If such a change in world prices comes about, those States that have not been involved in the war will find the burden of their old debts reduced to insignificance, while the belligerents will not in reality be subjected to a strain so

severe as is suggested by their enormous borrowings. Whether it be so or not, however, prices will be very high for a long time to come, and those who live on invested savings at a fixed rate of interest will certainly bear their share of the losses of war.

And so, too, will those, or at least most of those, who take an active part in industry and live on the profits of trade. The possible profits of their business will be limited by the extent of the trade they can do. Demand will certainly be greatly modified in character by the war, and they will be faced with the necessity of adjusting their production to the new state of things. For this they will require capital, which will be scarce and dear. The rate of interest will be high, while circumstances will probably compel them to pay high money wages, however much the buying power of those wages may be reduced. They will work in critical times, for markets disturbed by revolutionary movements abroad, and perhaps at home, and, apart from political changes, uncertain and fluctuating enough. Individuals may make profits high enough to draw down upon them the attentions of hungry finance ministers, sorely puzzled to make both ends meet and covetous of super-taxes and succes-

sion duties, but the class as a whole will certainly lose greatly by the war.

With the third section of the wealthy class, those that live on the rent of land, however, matters will be on a different footing. It is here, more than anywhere else, that we are threatened with the burden of a great parasitic class enriched by the calamity of the nation. The increase, which must certainly last for a long time, and may be permanent in the prices of foodstuffs, means not merely larger money incomes, but increased real incomes for them. So soon as current leases fall in, the rent of agricultural land, with food at present prices, must inevitably rise to an extent far greater than any possible rise in the cost of living to the landowner himself. Food is now more than double its pre-war value, very much more than double its value of twenty years ago. And with peace and the reopening of the markets of the Central Empires, the competition among the peoples for the limited food supply will very likely drive prices even higher for some time. Unless some drastic steps are taken to prevent it, the lion's share of these increases will soon find its way into the pockets of the landowners in increased rents. They will be the greatest, the permanent "profiteers,"

of the war, growing rich out of the public calamity.

For the claim of the landowner on the product of national industry is quite different in character from that of the *rentier*. His income is not fixed, but is subject to variation whenever a lease falls in; with a general rise of prices a rise in agricultural and mineral rents is certain to occur. War has the same effect on the rent of land as Protection, for both alike raise the price of the produce of the land and, consequently, its rent. Even the heavy increases necessary in the income tax as the result of the war will leave the landowners enriched, unless some means is devised for diverting this unearned increment into the public funds.

Before the war, I advocated a moderate measure of taxation or rating of land values, for that seemed, then, adequate to the occasion. Once, through such a measure as the "Tax and Buy" Bill, we had rendered it impossible for owners to overcharge the public authorities for any land they required, it seemed to me the socialization of the land would proceed in a smooth and orderly manner. As the authorities, parochial, county, or municipal, realized the importance of acquiring land, they would be able

to do so without, as heretofore, the owners being able to charge them many times its value for it. Only, therefore, as the public spirit and capacity for communal work developed among the people, in many cases only as the need became undeniable, would land become public property; but as soon as the necessary conditions arose, the public authorities would have in the "Tax and Buy" Bill an ample security against extortion.

The war has radically changed the situation. Alike when their land is required for public purposes and when it is not, it has received an enormous unearned increment of value through the rise in prices. To this increment the landowner has no right whatever. As already said, it is not a question of a "right" to profit, but of an obligation to bear a loss. The income tax by no means equalizes matters as between him and the other wealthy classes. He can recoup himself probably many times over, while they are helpless. There is abundant justification for a far heavier land values duty than would have been thought of before the war, and with the justification comes also the necessity.

For it is not by slow stages, by a gradual development of social needs and social organi-

zation, that the land question must be dealt with after the war. The taxpayers of the nation, if they are to treat with bare justice the millions of soldiers to whom they owe so much, will find themselves burdened with the support of vast numbers of men for whom it will be a national necessity to find employment. I can see little prospect of doing this without a comprehensive scheme for reconstructing British rural life, for which large quantities of land must be acquired at reasonable prices.

A position has arisen which justifies the proposals of Mr. C. A. Paterson, the secretary of the Scottish Land League, however extreme they might have appeared before the war. Every landowner should be called upon to put his own valuation on the land he owns, apart, of course, from all improvements. The valuation should allow for all mineral and sporting rights, as well as farming or other rental, and also for any anticipated increases in value, for which, if compelled to sell, the owner would expect compensation; but the estimate should be left entirely to him. On that valuation, all direct taxes due from the landlord should be based—income tax, super-tax, death duties, and local rates. A register should be kept of the amounts

paid by him from year to year and the valuations on which they were based, and this register should constitute the landowner's title to his land. Any claimant who disputed his title would at least have to refund to him any money he had paid in taxes or rates, so that in a few years we should have a complete register of titles of land as well as of its value. With this should be passed a measure enabling the State or any local authority to buy land at the valuation on which the owner has elected to be taxed. Land to which no value was attached by the owners would *ipso facto* become public property. If this were done, so great may be the rise in rents after the war that I doubt whether even then the landlords would bear their fair share of the cost of it, but at least the nation would not be at their mercy. What is even more to our purpose, the way would be open for a reconstruction of our national life, which may enable us to carry out the revolutionary changes imposed on us by the war without violence and the ruin of the Empire.

CHAPTER IV

THE PROBLEM OF INDUSTRY

The first necessity of the Industrial Situation is increased efficiency of production. In order to meet the difficulties created by the war and to lay the foundations of a more stable society, we must endeavour to increase both the quantity and the quality of output.—*Memorandum on the Industrial Situation after the War*, published by the Garton Foundation, par. 153*a*.

THE above quotation from an able study of the problem of reconstruction, issued by the Garton Foundation, brings out very strongly one aspect of our subject, so true that it is apt to be forgotten. Whether the burden flung upon society by the cost of the war be so overwhelming as to crush our civilization and bring upon the British Empire the fate of that of Spain, depends very largely upon whether or not our power of wealth production can be so extended as to meet the obligations of the State, while permitting the

maintenance and gradual improvement of the standard of life among the workers. The burden, it is true, may be considerably lightened if the money prices both of commodities, labour and services should automatically rise all round; so that while the charges on the nation for interest and redemption of debt remain the same in terms of money, they in practice involve a much more limited call upon the real wages of the community, the actual produce of labour and industry. That such an economic reaction, tending to relieve society of a monstrous burden, is probable, I have already suggested. With the discovery of America, the influx of gold and silver from its mines, and the beginning of world-trade, a similar effect was produced on prices, completely breaking up the general level that had prevailed more or less for centuries. Rapid changes of this kind are certainly very mischievous, involving as they do widespread discontent, hardship, and practical injustice during the period of transition from one set of price levels to another. But it is real wages, and not money wages, that matter in the long run; when once a stable standard of distribution is established, it is a secondary consideration whether the prices of commodities and labour are doubled

or halved, provided the change in price levels is uniform all along the line. Whatever happens, however, the toll the *rentier* class will be empowered to take from society, for many years to come, must be very heavy, and, unless the real wealth produced within the nation is maintained and increased, will be absolutely crushing. Fortunately, the war has demonstrated that the wealth-producing power of the nation is far beyond anything dreamt of before the war. This is the aspect of affairs that has struck Mr. Norman Angell more than anything else, and has raised hopes in many quarters that with more organization the standard of living may be much higher after the war.

Indeed, what has been done is marvellous. We have withdrawn altogether from productive industry millions of our strongest workers, we have turned a vast number more—the Garton Foundation last year estimated a million and a half—on to making munitions and other special war-work, and yet we have succeeded in feeding and clothing our people not appreciably worse than in time of peace, while manufacturing a sufficient surplus of goods to maintain a very considerable part of our export trade. Even so, there has been a large waste of labour power.

The Government departments have notoriously wasted money right and left, as they always do in war-time. That much of the waste, overlapping and confusion was unavoidable, does not affect the point. If the industry of the nation had been organized in peace-time in the same way it has had to be organized in war, but with time to plan and with a competent criticism of ways and means, even greater results could have been attained.

In fact, inferences from the proved productive capacity of the nation, with half its labour-power in the trenches or "forming fours," as to the possible amount of wealth production when the soldiers return, prove too much. It is quite clear that, given adequate supplies of raw material, and by substituting for munition works factories fitted up for peace production, we could turn out hitherto unheard-of quantities of British manufactures. But there are other factors in the case; the manufactures of the country can only expand as the supply of raw materials expands, and our manufacturers will, and indeed can only increase their produce in so far as the available markets expand to absorb it.

Take as an illustration the case of the cotton trade. It is evident that, however great our

power to spin and weave greater quantities of cotton, it is limited by the world's production of raw cotton—by an industrial process carried on entirely outside the United Kingdom. A short supply of cotton is not by any means an imaginary difficulty, the planting of new sources of supply and the development of old ones requiring time. If, as the result of better organization and more efficient co-operation between employers and employed in Lancashire, we greatly increased the demand for raw cotton, the advantage might not necessarily go to our own people. The world's production of raw cotton can only be slowly increased, and a rapid inflation of demand for it would certainly have the effect of inflating the price. The object of improved methods in the cotton manufacture would be to secure cheaper production, so that a large quantity may be produced and sold ; but no amount of economy in manufacture will enable us to sell any cheaper if what is saved in the process of spinning and weaving is lost in the enhanced cost of raw material.

Again, the expansion of the cotton trade is dependent upon the elasticity of the markets for cotton goods. Markets are always more or less elastic, and the quantity of any commodity

that can be sold at a given price is always less than the amount that would find a market at lower rates; but it is perfectly possible to glut any market. The world can, perhaps, absorb commodities to almost any extent, provided the increased production takes place all round and is not limited to one or two commodities, but it does not follow that the demand for cotton can be indefinitely expanded by reduction in price, however great. If the Indian ryot found his cotton goods cheaper, this would give him the chance of buying more or better clothing, but certainly part of the saving would be spent on something else than cotton goods. To some extent, at least, a new demand would be set up in India for other things than cotton, possibly not for goods manufactured within the United Kingdom at all.

If the price of cotton shirts fall by one-half, probably some people may considerably increase the number they buy. There will be less reluctance to throw a worn shirt away, and a new one will be more willingly substituted. But obviously such a fall in prices would not double the sale among those who at present buy such shirts. A more hopeful way to a large increase in any market is that a reduction in

price brings an article within the reach of buyers who could not get it at all before. A whole series of cheap articles, from Ingersoll watches to Ford motor-cars, which arouse the fears of the Protectionist, make their way into the market mainly by attracting buyers who in no case could have afforded the dearer articles for which these act as substitutes. Expansion of the cotton trade in this way would, however, be very limited. Clothing is a necessity, and, leaving savages out of account, there are no new buyers to attract by low prices; while cotton is already the cheapest available clothing material. The sale of woollen or linen goods [1] might be promoted, at the expense of cotton, by reductions in price, but no reduction in the price of cotton can enable it to encroach on some yet cheaper material.

[1] One of the clearest signs of the general growth of prosperity in this country during the last generation was the large extent to which woollen clothing had been substituted for cotton. The fact that cottons are with us mainly exports, while woollens are chiefly consumed at home, tends to show that British people are generally clothed in the better and dearer material, while the demand for the cheaper has to be found in less prosperous countries. Cheap substitutes make their market among those who cannot afford the price of better things; but as prosperity increases and becomes more diffused, a demand for better qualities may arise and drive the cheaper goods out of the market.

What is true of cotton is true, more or less, of most of our manufactures. Greatly increased efficiency of production increases the demand for raw material, which cannot always be met at all except by a gradual development of cultivation or mining which may take years. Even when the demand can be promptly met, the new supplies of raw material must necessarily come from less advantageous sources, from more distant lands, or from poorer soils or veins of ore. In either case, a rise in prices is inevitable, and what is saved by more efficient methods of manufacture tends to be lost by the dearness of its materials. This is, of course, no argument against efficiency or in favour of neglecting the lessons taught by the war. In the coming struggle for markets these lessons will certainly be applied by all nations, and we cannot afford to lag behind. The argument does, however, tend to check undue optimism as to the amount of surplus labour that our industries will be able to absorb after the war. The purchasing power of the nations will be less, and food will be dearer, calling for a larger share of each family income, and leaving less margin to be spent on manufactures. On the other hand, with a higher organization of industry and a larger proportion of the

population actually engaged in it, it may be possible, where enough raw material can be obtained, to increase out of all proportion the pre-war scale of production. Unless, however, the world-market can absorb such an increased supply, there is little prospect, when the large demands of the war are no longer competing for labour and the armies have returned, of finding work for the soldiers, the regular workers who have joined the colours, and the thousands of extra workers who will still desire or may need to continue earning wages. Unless we can find some new outlet for the energies of the nation, a glut of commodities and labour and a depression of trade far more terrible than any of which we have had experience seem to me inevitable. Let manufacturing industry take up as much labour as it can by all means, let it, with due safeguards, employ it in the most efficient way possible, but do not let us imagine that this will do much to solve the tremendous problem before the nation. It is most undesirable that any of the labour power, whether that of civilians, temporary soldiers, or of the women, should be lost. The continuation and development of the old industries of the country may find profitable employment for much of this, but not for all.

After every mine and factory is fully supplied, many, perhaps millions, will still be idle, and for them other openings must be procured, and the perfectly reasonable demand of the Garton Foundation for increased production be fulfilled.

Before dealing with the question of new openings for labour it would be well to glance at the question of safeguards within the old industry for the preservation and progressive improvement of the standard of life among the workers. The Treasury Agreement for the restoration of Trade Union rules after the war applies to a number of trades, including the railway men, transport workers, textile and boot and shoe operatives, while outside the Treasury Agreement itself, various compacts have been come to between employers and employed, arranging for a reversion to the old condition of things. As the Joint Committee on Labour Problems after the War consider it the best of these, I may cite that come to between the Wholesale Clothiers' Federation and the Amalgamated Union of Clothiers' Operatives. The Committee quote the following clauses :—

> The employers will, to the best of their power, reinstate all men who shall have left to join the colours but who return

to civil life either during the continuance, or within a reasonable time after the conclusion, of the present war.

As soon as it is practicable after the conclusion of the war the employers will revert to the conditions prevailing in their respective factories and workshops before the war, in regard to men's employment.

Females shall not be introduced to replace men if competent men of non-military age are available at the rates prevailing for the time being in the factory or workshop.

Any question under, or in connection with, this agreement (including that of the interpretation of the words "conclusion of the present war") which may arise, either during the continuance of the present war or after its conclusion, shall be referred to the Home Office for settlement.

There is enough here to reveal the clash of interests that must occur at the close of the war. If there is an overcrowded labour market, the proposal to reinstate soldiers can only be carried out by dismissing men or women who have taken their places during the war, and dismissal may very readily be the prelude to destitution. The fear of women's labour is evident, and it is clear that their position may be very unpleasant at the end of the war. It is not in reason to expect that people will passively submit to sink into poverty, especially in a case of this kind. The old trade unionists, the soldiers, and the

women are all fully entitled to insist on the opportunity to earn their daily bread; yet it will certainly be impossible for all of them to do so within the trade. Again, with this and similar engagements the Home Office is likely enough to have its hands full, if it has to decide between employers and employed all questions of interpretation arising during and after the war. Men who went to the front when ten shillings would buy as much food as a sovereign will now will not be content to come back to the same wages. Nor will employers with large supplies of surplus labour in sight be willing to pay more or as much as they did in the trade boom before the war.

As I said in a previous chapter, there is no means of securing the restoration of Trade Union conditions after the war, whatever pledges may have been given in advance, if all the soldiers, trade unionists, and women are flung in competition with one another for employment. However much the majority of employers might wish to keep faith with the men, some of them would be sure to succumb to the temptations such a state of things would offer of obtaining cheap labour.

If such a sudden inflation in the available supply of labour can be prevented, however,

there should be no real difficulty in reinstating Trade Union rules, or where this is undesirable, substituting new arrangements better suited to modern conditions. The narrowness of some Trade Union regulations in the past has been almost justified by the weakness of Labour's position in its bargains with Capital. The workman was sadly conscious of this weakness and often jealous of any attempt to force the speed of industry or to increase the number of competitors for employment in his own particular trade. Hence the restrictive rules as to membership of some Unions, the jealousy of women workers, and the objections to piecework. The fear of possible unemployment was at the back of all these regulations, and if we could so moderate the supply of labour that there was no reason to fear unemployment, we should have gone a long way to secure the consent of the men to such changes as may be necessary.

It is essential, in fact, before we can have any satisfactory arrangement between employer and employed, that the workman should be in practice as free to refuse employment if the terms are not satisfactory to him as the employer is to dispense with his services. Given that essential condition, and much elaborate scaffolding can

be dispensed with; without it, no factory legislation or Trade Union regulations can do more than mitigate what is virtually a condition of wage slavery. A recognition of this fact is at the bottom of the Labour Party's claim for the "Right to Work," and is the main force behind the Single Tax movement. The method of demobilization outlined in the second chapter of this book would be a very fair substitute for the former of these expedients, while later on I hope to show what use can be made of the latter. Meantime, the practical freedom of the worker is essential, if we are to give a fair chance to the various schemes that are being suggested for promoting co-operation between management and labour, with a view to economy and increased production.

Industrial Unionism is a revolutionary movement, aiming at the intensification of the class war and, ultimately, at the complete control and ownership of industry by the workers. The movement for profit-sharing, on the contrary, is essentially conservative, being intended to reconcile employer and employed, by giving the worker a subordinate interest in the profits of the business. They have this in common, however, that they both tend to make each industry self-

governing, though, in the one case, the government would be purely democratic, while the other hardly entrenches upon the present absolutism of the capitalist. More impartial, but still working on the basis of the autonomy of the industry, is the scheme for National Industrial Parliaments, originated by Mr. Malcolm Sparkes. This, leaving the present organization of the Employers' Federation and the Trade Union intact, to deal with such conflicts of interest as may still arise, seeks to add to them a new organization, in which both sides shall be equally represented to look after the interests of each industry as a whole. The Memorandum of the Garton Foundation, without tying itself down to such definite proposals, gives a long and able survey of the whole question, leading up to a similar conclusion, while Mr. Sparkes's scheme has been adopted by the building trade.

The interim Report on Joint Standing and Industrial Councils, also, has clearly been greatly influenced by the scheme of Mr. Sparkes and its acceptance by the building trade. The Report proposes for the more highly organized trades an organization of National and District Councils and Works Committees, on which both employers and employed shall be represented. The follow-

ing are mentioned as suitable matters for their consideration :—

1. The better utilization of the practical knowledge and experience of the workpeople.

2. Means for securing to the workpeople a greater share in and responsibility for the determination and observance of the conditions under which their work is carried on.

3. The settlement of the general principles governing the conditions of employment, including the methods of fixing, paying, and readjusting wages, having regard to the need for securing to the workpeople a share in the increased prosperity of the industry.

4. The establishment of regular methods of negotiation for issues arising between employers and workpeople, with a view both to the prevention of differences and to their better adjustment when they appear.

5. Means of ensuring to the workpeople the greatest possible security of earnings and employment, without undue restriction upon change of occupation or employer.

6. Methods of fixing and adjusting earnings, piecework prices, etc., and of dealing with the many difficulties which arise with regard to the method and amount of payment apart from the fixing of general standard rates, which are already covered by paragraph 3.

7. Technical education and training.

8. Industrial research and the full utilization of its results.

9. The provision of facilities for the full consideration and utilization of inventions and improvement designed by workpeople, and for the adequate safeguarding of the rights of the designers of such improvements.

10. Improvements of processes, machinery and organization, and appropriate questions relating to management and

the examination of industrial experiments, with special reference to co-operation in carrying new ideas into effect and full consideration of the workpeople's point of view in relation to them.

11. Proposed legislation affecting the industry.

The Whitley Committee responsible for the Report, however, recognize that such a plan cannot be put into operation in all trades. "It may be desirable to state," they say, "our considered opinion that an essential condition of securing permanent improvement in the relations between employers and employed is that there should be adequate organization on the part of both employers and workpeople. The proposals outlined for joint co-operation throughout the several industries depend for their ultimate success upon there being such organization on both sides; and such organization is necessary also to provide means whereby the arrangements and agreements made for the industry may be effectively carried out." A suggested classification of industries is given in the appendix, viz. "(*a*) industries in which organization on the part of employers and employed is sufficiently developed to render the Councils representative; (*b*) industries in which either as regards employers or employed, or both, the degree

of organization, though considerable, is less marked than in (*a*) and is insufficient to be regarded as representative; and (*c*) industries in which organization is so imperfect, either as regards employers or employed, or both, that no Association can be said adequately to represent those engaged in the trade." The Committee hope to issue proposals for dealing with the less organized trades, but their scheme so far only applies to a very limited class.

And how limited it may be after the war no one can say. Industries which at the commencement of the war were most thoroughly organized may find their organizations, whether of employers or employed, broken to pieces under the strain of post-war conditions. The normal equation of supply and demand for the produce of an industry and for the labour required to carry it on may be completely upset. Here, as everywhere else, we must avoid the fallacy of assuming that conditions established before this tremendous cataclysm can be depended upon to survive it. In some cases, the trade itself may collapse, leaving nothing to organize; in others, it may be so damaged as to destroy the employers' organization, or so flooded with labour seeking employment or claiming out-of-work benefit as

to break any Trade Union, however strong. Conversely, some badly organized trades may find that the feverish activity and high money wages prevalent during the war have enabled them to build up a very much stronger organization than before, and if there is a good demand for its particular produce after, a trade classed by the Whitley Committee as (*b*) or (*c*) may rapidly become one of the strongest of all.

Whether on the whole there is advance or decline in the general level of trade organization after the war will depend more than anything else on whether or not the flow of labour to each trade can be so regulated as to be kept within manageable dimensions. The Whitley scheme is in itself a very good one, and the Committee are quite right in recognizing that the essential condition of success is the effective organization of both employers and employed. To give it a fair chance, however, the Trade Unions would require to be very much stronger than they have ever been in the past, so that, generally speaking, I fear that the admission of the Committee that the scheme presupposes "adequate organization on the part of both employers and workpeople" means that in the great majority of trades a period of strenuous preliminary work must be gone

through before the plan can be even attempted. This and more revolutionary schemes for industrial self-government bring us back to politics. Not that Government can organize the nation. The sphere of voluntary association will not diminish, it will become greater as society becomes more perfectly organized. Particularly will this be the case in the hurried years immediately following the great war, years in which many changes must be made and made quickly. If the old industries of the country can organize themselves so as to avoid friction and stoppage, provide for a steady improvement in efficiency, and secure for the workmen a higher standard of life, politicians overburdened with other duties will, no doubt, be glad enough for them to do so. Even after devolution, geographical and industrial, has done its utmost, there will be more than enough left to occupy all the time of Parliament. But without legislation to deal effectively with the vast surplus of labour over and above that which the manufacturing industry can employ, the conditions of success demanded by the Whitley Committee for their scheme cannot be hoped for in any trade whatever. Such attempts to promote co-operation between management—not private capitalism—and labour

are all to the good, on one condition, that the labourer is no longer a proletarian, but a free agent. He must have open to him an alternative way of making a decent living, so that he is able to consider every agreement proposed as a choice between two comparative goods, and not only between acceptance of the employer's terms or destitution.

But the latter is inherent in any condition of things where there is a large reserve of unemployed, particularly such a vast reserve as we shall have for some time after the war. If we can find a satisfactory way of dealing with these, the more room we leave for experiment and the fewer prejudices we bring to the study of industrial problems the better. It is finally true that wealth cannot be distributed until it is created, and that the only way to repair the losses of the war is to increase the production of the nation.

The question of markets must, however, be borne in mind. In time, these may be expanded to an indefinite extent, but their elasticity is limited—they cannot be doubled or trebled at will just because we have doubled or trebled our rate of production. Now, our industry being a manufacturing one, depends largely, I should say mainly, upon the surpluses our customers

have to spend *after* they have supplied themselves with the first necessary of life—food. This was proved in the days of the Corn Laws, and had much to do with the urgency of the manufacturers' demand for their repeal. A bad harvest in those days meant dear bread, and caused the absorption of almost every penny of the workman's earnings in buying this first essential. In such times clothing was worn to rags, and the most widespread poverty and unemployment followed in the textile trades. With a better harvest and a fall in the price of the loaf, money could be spared out of the family budget for other things, and at such times the trade in textiles was comparatively brisk. Free Trade, by steadying the price of the loaf, left free a more reliable surplus for expenditure on manufactures, and though we have had terrible depressions since then, nothing quite equal to the state of things prevailing under Protection during a series of bad harvests has occurred under Free Trade. It remains true, however, that the market for manufactures depends mainly on the surplus available in the family incomes after the daily bread has been obtained. Increased rates of pay and greater regularity of employment, combined with the diversion of a large part of our

manufacturing plant to the production of things needed by the war have counteracted the effect of the great rise in food prices for the present; but if, throughout the world, the present high prices continue after the war, while wages and employment remain the same as before it, nothing can prevent a tremendous slump in the demand for manufactures. Nor can there be a recovery until the old relations are re-established between the cost of food and the average income in the markets supplied by British industry.

Beyond all comparison, the most important of these is the British market itself. The Census of Production, taken in 1907, gave the total output of British industries for that year at £1,765,366,000. This is the value at the factory. In the same year we exported British manufactures of all kinds to the value of £426,035,083, which sum includes, however, all railway and other charges incurred in delivering the goods on board ship. The home market would thus appear to be about three times as great as the foreign and colonial markets put together. It is a market, too, over which the British manufacturer has far more complete command than he has over any other. Much the larger part of our imports consists of food and raw material, the

net imports of articles classed by the Board of Trade as "articles wholly or mainly manufactured" in that year being valued at 128 million pounds. Even of this the larger part consisted of unfinished goods, virtually the raw material of one or other of our industries.[1] It will readily be seen, then, how important it is to the future of British industrialism that the margin between the food bill and the total earnings of the British people should be as large as possible. It is safe to say that a 5 per cent. expansion of that margin would be of far greater benefit to the British manufacturer than the doubling of any foreign or colonial market whatsoever.

And this market, as it happens, is the only one which, by taking thought, it may be within our power to expand. Whatever may be done abroad to improve the condition and the buying

[1] A Government White Paper gives an analysis of similar imports for the previous year, 1906. It divides the total import of manufactured articles in that year, £130,400,000, into three classes: A. articles fully manufactured and ready for sale; B. articles requiring only some finishing processes; and C. articles only slightly manufactured. The proportions we e as follows:—

Class	A.	£51,400,000
,,	B.	£52,300,000
,,	C.	£26,700,000

power of the people, must be done by others. In proportion as in other countries, whether under our own flag or not, prosperity revives, the demand for manufactures will increase in them also; but a comparatively small part of that increase will take the form of a demand for British produce. The more other countries advance, the better for us; for the richer our customers are the more they can buy, and of their extra buying we shall get our share. Only within our own country, however, can we rely upon having the lion's share, and only in our own country can we plan to increase the wealth of the people.

Unfortunately, it is but too certain that one of the great hindrances to industrial prosperity, dear food, will continue for long after the war. Not only have large portions of the earth's surface been devastated, but the demands of the war must have delayed the development of new food-growing lands, which otherwise should by now have been sending us increased supplies. After the war, too, the *effective* demand of the world for foodstuffs seems likely to be larger than during its continuance. The war brought a food crisis to all the nations of Western Europe, even those not actually engaged in it. Almost

at once Germany, Austria, France, Italy, Spain, and to a less extent Portugal, Switzerland, Norway and Sweden, the only countries in Western Europe, with the exception of Belgium, having agrarian Protection, were compelled to suspend altogether or in part their protective imposts on foodstuffs. This is one of the most startling by-products of the war, for in effect it means that Europe, which went into the war mainly Protectionist, will, at the moment it emerges from it, be mainly Free Trade, at least so far as foodstuffs are concerned.

And one is inclined to say it is likely to remain so, at least for a considerable time; for the reason that compelled the suspension of the food taxes will still exist. In so far as the Central Empires are concerned, the suspensions have had comparatively little effect, for the blockade of Germany and Austria by sea, combined with the fact that Germany's main foreign food supply, Russia, was one of her enemies, has prevented the possibility of importation. The result is that the Central Powers are desperately short of food, and the first great relief to them from the peace will be the renewed possibility of importing it. As far as one can forecast the situation, it looks as though no Government

could be mad enough to reimpose the food duties. A famished people, disillusioned and discontented, and well aware that the granaries of Russia and America could relieve their distress, are hardly likely to permit duties of about 12s. a quarter to be interposed between them and the food supply thus dangled before their eyes. The social atmosphere will be far too strongly charged with revolution to render such a measure safe. On the other hand, the moment of peace will perhaps be the only time at which a resumption of agrarian Protection will be possible. Every day that the suspension continues will tend to strengthen the hold of Free Trade upon the people. These tariffs were only imposed slowly and in time of cheap food, against the bitter opposition of the people, and unless the thing is done at once by some arbitrary act of government, it is very unlikely they will ever be built up again.

Whether the tariffs are reimposed or not, there will certainly be for some time a most intense competition among the half-starved enemy and "rationed" neutral populations of Europe for any foodstuffs the granaries of the world may have to spare. For the time being, the price seems more likely to rise than to fall,

Generally speaking, I fear the peoples of the world, including our own, will require to spend so much on food that they will be forced to put up with less or cheaper clothes, and will have very little indeed to spare for superfluities.

Now, no doubt it may be to the advantage of a manufacturer to get his own supply of labour as cheap as possible, but, emphatically, it is not to his interest that the general rate of wages should be low, and it is altogether bad for him that the price of food should be high. Either state of things reduces the fund which the people have available for his productions. It is most important for him to increase this fund as far as possible, especially in the home market. At the end of the war he will find his position very difficult. His income tax will be heavy: if he is a rich man, probably heavier even than now.[1] Dear food and general impoverishment, and political confusion, if not revolution, at least on the Continent, will combine to restrict and endanger his markets. If he is to expect any great extension of them, he must look, it seems to me,

[1] Mr. Sidney Webb proposes on the highest incomes a rate of income and super-tax combined of 15s. 7d. in the pound, Lord Courtney of Penwith, who is certainly no revolutionist, it appears, advocates 16s.!

mainly in one direction—the potential buying power of that large surplus labour for which he is unable to find prompt employment in his own factories and mines. In order to mitigate the unavoidable evil of dear food, he should stand fast, like his predecessors in the "hungry forties," for the free importation of whatever foodstuffs can be obtained abroad. With that he should assist in every way in turning the large remainder of the army which he is unable to employ himself into wealth producers, earning as much money as possible, and capable of buying largely the commodities he has to sell. As long as they are still in the army their demands for his goods will be limited by their army pay, and he will have to bear his share in the heavy burden of taxation by which they are supported. When they are returned to productive and remunerative work again, he may hope for some relief from taxation and an increased demand for his produce. The problem of demobilization is his problem, almost as much as it is the soldiers'. It is his business, then, as much as anybody's, to assist in finding a statesmanlike solution of it.

Where is such a solution to be found? After industry has absorbed as much labour as possible there will be a large surplus left. The ordinary

channels of employment will, I am convinced, never, or at least not for a long time, supply it. And with delay we shall perpetuate a very dangerous state of affairs—poverty and depression of trade, vast unproductive expenditure, and an armed and discontented population open to new ideas and affected by the revolutionary movement in Russia, at least, and probably in many other parts of the Continent. The future of the British Empire will be more endangered by the peace itself than ever it was by the Germans. Between us and the German armies there was always the Channel and the greatest navy in the world, but what will lie between Britain and her own children, faced with the greatest problem in her history, and looking to her rulers for a solution? For that solution we must look mainly not to the industrial capitalist, but to the land.

CHAPTER V

THE PROBLEM OF THE LAND

MUCH of what has been written in the last two chapters may appear to the reader mere digression. We are engaged in considering how the vast army withdrawn from industry by the war may be reinstated in some tolerable and settled way of peaceful life. A proposal has been made for holding up that great portion of the army which cannot for some time, and may never, be re-absorbed by our old industries, until some other outlet can be found for their activities. But it is admitted that this great reservoir of labour cannot be maintained for ever. Neither in the interests of the men themselves, nor in those of the nation as a whole, could such a state of things permanently continue. Even as a temporary expedient, it is only justifiable as the alternative to greater evils—injustice to the brave men who have fought for us, and social anarchy.

Throughout all the various subjects so discussed, however, this central problem has never been forgotten. One or two clues which will be useful to us later on have indeed been obtained. Before I attempt to deal with the reconstructive problem, then, it may be well to recapitulate these clues :—

1. In order that we may distribute the burden of the war fairly between those classes of the community who can best afford to bear it, it will be necessary to take some special line of action to ensure that the landowners shall contribute their share. Unless this is done, there is reason to fear that the landowners, far from bearing their due share of the common loss, may actually be enriched by the war—of course with the result of flinging a yet heavier burden on other people. As an essential first step to this end a scheme of taxation of land values has been suggested.

2. We have seen that if British industry is to revive rapidly after the war it will be essential that the margin which people have to spend after *buying their necessary food* must be maintained and extended. The progress of industry demands cheap

food and regular employment at good wages.

3. Our method of demobilization goes far to ensure that the old industry will have to pay a fair rate of wages to those whom it can employ, but it does nothing to reduce the price of food, and it leaves probably a million or more of soldiers unproductively employed as a charge on the taxpayer.

It is quite possible that the *whole* of these men can never be employed within the United Kingdom to the best advantage. It is a great mistake to take for granted that it would be a good thing for the population of this country to go on increasing indefinitely, or even for it to be maintained at the present standard. What we ought to desire is the real prosperity of the people themselves and the progress of civilization generally. An exaggerated nationalism leading governments to demand a huge population, possibly in the last resort to ensure a good supply of "cannon fodder," seems to me one of the evil gifts Prussianism has given to the modern world. It would be a very good thing if the population of the world were distributed much more evenly than it is at present. In no case is it desirable that those of our people

who could make a better living for themselves and do more for the progress of the world by emigrating to other lands should remain here. Probably, whatever we do, there will be a great emigration, the ultimate effects of which will be altogether to the good, from densely peopled and sorely distracted Europe after the war. What we have got to do is to extend the productive capacity of the British islands to the utmost, so as to render them the most desirable place to live in for as many people as possible. When that has been done, it may be necessary to accept or encourage a considerable stream of emigration among those who *cannot* be advantageously provided for here. The vital points of view are those of the individual and of humanity as a whole, not that of the nation. The true glory of a State is that it has provided the fullest and freest life possible for its people, and in so doing it has enabled them to be most useful to the world. Its justification is service—service of the individual and of the race.

But though a more even distribution of the population of the world may be desirable and may very well be an outcome of this war, it is not to be wished that anything like actual equality of distribution should be attained. So long

at least as coal remains the motive power of industry, there will always tend to be an especially dense population in those countries which produce it; while areas possessing many harbours will tend to be proportionately more populous than others, especially when placed in advantageous positions for dealing with a large ocean traffic. The foundations of our industrial and commercial greatness are our geographical position and our mineral wealth, which neither war nor peace can alter. The possession of coal, especially when near ports of shipment, is, therefore, a great advantage to a nation. The advantage consists in the fact that certain kinds of wealth can be produced with less labour there than in other lands, and that, therefore, in addition to the normal population which the agricultural possibilities of the country would naturally give, it can support an unusually large share of industrial workers as well.

If we leave out of account the extremes of climate, the Tropics and the Arctic regions, the agricultural possibilities of the various lands of the world are much more evenly distributed than their mineral wealth. The food producers of the earth may, therefore, be fairly widely

and evenly distributed; the miners are necessarily concentrated in comparatively few places. And where the miners are collected, there also tend to concentrate the craftsmen who work up the produce of the mines, especially that great mineral, coal, which, though we hardly realize it, because it is destroyed in the process of manufacture, is a raw material of nearly everything we buy, the nearest of all things to a universal raw material, of steel and cotton, of bricks and timber, of a motor-bus and of a newspaper.

It is natural, then, that coal-producing countries should tend to be manufacturing countries and to have dense populations. Such countries can produce manufactures more cheaply than others, and are, therefore, naturally exporting countries. But as in the long run exports can only be paid for by imports, such countries are also importing countries. What are they to import? To some extent, no doubt, their exports may be paid for by other manufactures from countries whose industry is as highly developed as their own; but mainly their imports must consist, as ours do, of foodstuffs and raw materials. Even their imports of raw materials will consist largely of subsidiary products, not of the all-important one, coal, their own abundant supply

of which is the reason of their industrial greatness, nor of any other material of which they have a large home supply. Because of their denser population, their home supplies of food will tend to be dearer than elsewhere, and will need to be supplemented; while, in less favoured lands, there will be food surpluses, which it will be necessary to export.

But given a good land system, by which I mean one that imposes no restriction on new methods of culture and on improvement generally, such a country ought not to produce *less* food than one which is purely agricultural. Indeed, it should produce more, though not as much more as is required by its far denser population. As a country becomes highly industrialized and great manufacturing towns arise, agriculture should be stimulated, not depressed, for the market for foodstuffs is greater than ever. Nothing condemns the British land laws more than the fact that our agriculture ever was depressed. The British farmers had always, as I long since pointed out, "the finest market for foodstuffs in the world at their very door," and the last agriculturists to feel depression should have been our own.

But while the presence of an abnormally

dense population should not decrease the *amount* of food production, it ought to modify its character. A country with a temperate climate, where there are few industries and a scanty population, will not need to supplement its home produce by imported food, except tropical produce. As its people will be fed entirely off their own lands, it will generally pay them to grow nearly all the varieties of food they require themselves As soon as importation becomes necessary, however, the case is very different. Given freedom to put land to its best use, then, the greatest gain will be obtained by devoting special attention to the production of those kinds of foodstuffs where the advantage of the home producer—the man nearest the market—over the foreigner is most marked, while leaving in an ever-increasing degree the supply of other kinds of food to the foreign importer. The passing of a country from a purely agricultural to an industrial condition is a challenge to conservatism. It is an opportunity to develop on new lines, a demand for new ideas. The last way on earth such a challenge should be met is by crying out for a Protective tariff to enable the methods pursued before the industrial revolution to continue in existence.

The Corn Production Bill aroused much discussion last summer, and was riddled pretty effectively from various points of view by its opponents. These criticisms would probably have been sufficient to defeat the Bill at any ordinary time, but the national emergency and the serious consequences that might follow the defeat of any Government at present were sufficient to secure it a safe passage, however absurd its proposals might be. Some of the ideas at the back of the Bill never, however, seem to me to have been effectually challenged; and as these are based on a large amount of crude thinking prevalent before the war, and of some rather panicky notions that have developed since it broke out, the Bill will afford a good peg on which to hang my criticism of these ideas.

In the first place, a most depressing effect is made on the mind by the trivial character of the whole thing. Men who frame measures such as this can have no vision, no conception of the tremendous revolution through which the world is now passing. A more glaring folly, if that were possible, might have been more readily pardoned, if only on a sufficiently gigantic scale, for that, at least, would have shown that the promoters of the Bill were aware that changes of real im-

portance are going on in the world. But this is a pedlar's folly, not that of a great speculator; it is reaction masquerading as reform, at a time when even reform which fell short of constructive revolution would be of very little use. It is to the Russian peasant soldier, to whose simplicity have been revealed things hidden from the wisdom of our "business Government," that we might look for guidance on the land question—as on others.

But the Bill is not a reform at all, even on an inadequate scale, for reforms can only be drafted after proper consideration of the needs of contemporary life. Probably the scheme will have had no effect whatever, good or bad. The Bill will not be operative unless corn prices fall below the following rates :—

Year.	Wheat, Price per Quarter.	Oats, Price per Quarter.
1917	60s.	38s. 6d.
1918	55s.	32s.
1919		
1920	45s.	24s.
1921		
1922		

I shall be surprised if wheat or oats touch any of these prices in the years given; they are far more likely never again to fall below the figures for the first of them. Unless they do, the whole thing is a futility, and a mere waste of parliamentary time. The opposition to it generally took another line, quite rightly pointing out that there was no guarantee that the nation would get value for any money paid under the scheme, without, however, disputing the idea of the Bill that it was specially desirable to make sacrifices in order to grow more wheat and oats. That being the assumption at the back of the Bill, it certainly is valid criticism to point out, as it was easy to do, that the object was much more likely to be attained in simpler ways. The whole conception of the Bill was wrong—the idea of the national crisis implied in it was ridiculously inadequate; the line taken for agricultural development was based on a misconception of our needs, and the fact that, even so, it was not likely to achieve its purpose was just another example of the general incompetence with which it has been drafted.

The fact is that the very name *Corn* Production Bill betrays a misconception as to our needs.

More than ever after the war we shall need an increase of *food* production at home; but though corn is food, food is not necessarily corn. Of course, wheat is the most important single item in our food supply; but even when we add all the other cereals to it, the total amount spent by the people in other kinds of foodstuffs is considerably greater. Meat, potatoes and vegetables, dairy produce and fruit, are all in various degrees essential to our diet; taken together, they are as essential as bread. Nay, they are more so. With plenty of potatoes, peas, milk and eggs, and bacon, a man could stand a very long siege without any bread, but a diet of bread and water is prison fare and long recognized as such. So long as a reasonable variety of foodstuffs remains, it matters comparatively little what individual article disappears or is reduced in quantity.

We should fix our minds on the increase of food production in general, rather than of "corn production" in particular: it is obvious that the promoters of the Bill interpreted the need in the narrower sense. It is true that by ploughing up land for wheat or oats you will incidentally lead to the production of increased supplies of root crops and clover. In this way you may

tend to develop the sort of agriculture that has made Aberdeenshire prosperous—the small mixed farm sending to the market an exceptionally large supply of fat stock in proportion to its area. From this point of view the criticism of the Bill was useful; and the Hon. A. Shaw's amendment to pay a bounty on each acre of land brought under the plough since 1914, and not merely on wheat and oats grown on any land, was more likely to increase the home-grown food supply of the nation. Even Mr. Shaw, however, was not looking with a single and indifferent eye to the increase of *food* production, but to bringing as much land under the *plough* as possible; and he ruled "intensive and hot-house culture"—in other words, the free, self-employing small-holder—out of account, in favour of the capitalist farmer and wage labourer.

The seeds of the misconception embodied in the Bill were, I am afraid, sown long ago by one of the noblest men who ever sought a refuge from tyranny on the soil of England. No one can feel more deeply than I do the debt of gratitude we owe to Kropotkin, and no one can rejoice more unreservedly that that great man has lived to see his country freed from the despotism that drove him to our shores; but there are

fundamental errors in his book, *Fields, Factories, and Workshops*, which render it almost as dangerous as it is useful. Read uncritically, it has led many sincere progressives into a line of thought which plays directly into the hands of their enemies.[1] Kropotkin rightly enough pointed out that what it is now the fashion to call the "commercial hegemony" of the world must pass away from the British Islands. I doubt, indeed, whether "hegemony" is not much too strong an expression to apply to any leadership we ever had; but even the industrial leadership can hardly last for ever. When, however, he proceeded to infer from that and from the progress of industrialism abroad, that manufactures would develop pretty equally in all countries, he overlooked the unequal distribution of mineral wealth throughout the world. Inferring from the statistics of a period of steadily declining prices and cheaper production that the industrial development of the world was making it harder

[1] The present writer included. Of what I have written on social questions, there is little I should be willing to alter, except in so far as the war has necessitated a general speeding up in progress. The paragraph in *The Opportunity of Liberalism* which treats the industrialization of all nations as a certainty would, however, require extensive modification.

and harder to export, he came to the conclusion that our foreign trade must decline, and that every nation must sooner or later come to be self-sufficing, confining itself to the home worker for manufactures, and producing its foodstuffs, and presumably its raw materials, at home. The history of this century so far has falsified all these predictions. Though other nations have developed industrialism on a scale comparable to, and in the case of the United States greater than, our own, that very fact has made it easier, and not harder, to find markets for British manufactures, and our exports have never increased at a more rapid rate than they did in the decade preceding the war. "The industrial and commercial history of the world during the last thirty years," Kropotkin wrote in 1898, "has been a history of decentralization of industry. It was not a mere shifting of the centre of gravity of commerce, such as Europe has witnessed in the past, when the commercial hegemony migrated from Italy to Spain, to Holland, and finally to Britain; it had a much deeper meaning, as it excluded the very possibility of commercial or industrial hegemony." This is quite true, and from this fact we get the industrial progress of Germany and the United

States. But it is a far cry from an industrial "hegemony" to an equal distribution of manufactures throughout the civilized world, and that is kept in check by a factor which modern conditions have not changed—the unequal distribution of mineral wealth; while the inference that a highly developed industrial country will be a worse customer for foreign manufactures is wholly unjustified. Such a country will, it is true, import a far smaller *proportion* of its manufactures from abroad, but the *total* amount of its purchases will probably be greater than ever. Thus Germany and Great Britain, as their own industries grew *and because of the wealth their growing industries brought them*, became better customers of one another. Indeed, without meaning it, Kropotkin has given his support to the narrowest nationalism. There is no more reason why fifty million people under one national government should produce everything they want for themselves, than there is that each county or industrial city should be entirely self-supporting. Kropotkin, the enemy of States and the friend of humanity, is guilty of the heresy of the self-sufficing State, cut off, at least for purposes of exchange, from the rest of the world. Mr. Chamberlain merely

accepted his premises, and Prussia has only developed them to their logical conclusion.

As long as the British coal measures last, and our workers retain the specialized skill their lead in industry has given them, these islands will enjoy a more than average share of the manufactures of the world. As long as we remain an island with easy access from every place in the land to the sea, we shall have advantages enough to ensure that, if not the "hegemony" in commerce and shipping, at least be able to maintain a very prominent position and both on a scale increasing positively, if not relatively, to that of the rest of the world. And being a great manufacturing country, we shall have a comparatively large population. Our land will afford a good market for foodstuffs, both for our agriculturists and for strangers. If we are to export manufactures, we shall have to import food.

But if we are to buy food at all, I contend that wheat is about the most desirable food to import; it is almost the last for which we should make special sacrifices to secure a home supply. Let us consider the matter from the points of view of our needs in peace, especially at the conclusion of this war, and of those occasioned

by possible wars in the future. Our immediate needs after the war will be to bring down as much as possible the price of food, and to find employment for as many discharged soldiers as we can, in order, among other things, to enlarge the margin between the total wages of our people and that portion of them they are obliged to spend on the first necessaries of life, so as to provide as extensive a home market as possible for our manufactures. In war, the need is to guard against the nation being starved into surrender in any future submarine campaign. In both we must guard ourselves against the common fallacy of treating the words "food" and "wheat" as interchangeable. "In fact," says Kropotkin, "the area under wheat had been reduced since 1853–60 by 1,590,000 acres . . . and this deficit alone represented the *food* of more than 7,000,000 inhabitants." The italics are mine, and Kropotkin deals amply with other sorts of food; but the crude fallacy that because we actually grow less *wheat* than we did fifty years ago, therefore we *feed* a proportionately smaller number of people, is implicit in columns of printed matter inspired by his book. Without going into details, the broad facts are that in 1907, the year of the Census of Production,

and the only one for which the facts are available, our imports of non-dutiable foodstuffs were valued at £194,800,000 while the agricultural produce of the United Kingdom was estimated at £196,374,000. We, therefore, may be said to have *fed* about half our population, or twenty-two million people, in that year; and considering that there is certainly a better and more varied standard of feeding now than in the days of our grandfathers, I very much doubt if British agriculture ever did more. That with the wonderful expansion of demand, it *should* have done more, I agree; the question is as to what form the increase should have taken.

The first point to note is that only about three-eighths in value of the imported, and certainly a much smaller proportion of the home-grown food consisted of cereals and flour, so that not much more than a quarter of our expenditure on food would appear to go in bread and other foods from cereals. Now, in order to free a larger share of a family's income for the purchase of clothes and other manufactures, what is wanted is a reduction in the food bill as a whole; it matters comparatively little on what particular item the reduction occurs. Even if bread remained at its present price, an immense advantage would accrue to

the poor if other food prices fell to pre-war levels. The Corn Production Bill aims at increasing the home production of food grains, without raising the price, as would be done by a protective duty, to the consumer, but at the expense of the tax-payer. Nobody, however, even pretends that the Bill would make corn any cheaper. Under the working of the Bill, the price of wheat in our market would still be determined by that of the world-market, and that again by the relation of the total world's supply of wheat to the total demand. Even three million British acres brought under the plough would make only a fractional increase of the world's total production of wheat, and could have only a minute influence on prices. Only by increasing our wheat production to such an extent that we had a surplus over our own requirements, and part of the crop had to be exported or wasted, could we effect any great reduction in wheat prices in time of peace. This is obviously out of the question. Perhaps there is no other foodstuff of which this is true to the same extent. Some, such as milk, are almost independent of the price in the world's market, and an increased supply of British milk would immediately bring down the price all over the country. In proportion as an article is perish-

able, is difficult to transport quickly, and is produced only in comparatively few places, any shortage in the British supply will tend to scarcity and high prices; while an enlargement of British production will produce cheapness. Wheat, however, can be grown in almost any part of the temperate zone; it can be very rapidly and cheaply loaded and shipped; it can be transported over great distances and kept in proper warehouses for a great length of time without any serious depreciation in quality. As long as we continue our policy of free imports, there is no possibility, at least in time of peace, of making a "corner" in our wheat supply: for any rise of price on our corn exchanges will be cabled all over the world, and will instantly serve to divert cargoes of wheat to our shores.

No less important than that of prices is the question of quality. In his interesting book, *Our National Food Supply*, Mr. James Lumsden complains of "the vitiated palate of the British public, which renders possible the sale of incalculable quantities of food that palates accustomed only to perfectly fresh food would refuse. This vitiation of the palate has come about slowly. It has grown with the increasing necessity of eating food conveyed for long distances—

foods often subjected to partial decomposition and deleterious influences in packing and transit, and sometimes deprived of their natural flavour by the substances put into them to make them keep." With much of what Mr. Lumsden has to say I can heartily agree, though he lays too much stress on the fact that our food tends to come to us from ever greater and greater distances. Hence he infers that an increasing proportion of what we pay for our imports goes for carriage and freight, while a decreasing amount is left for the food itself. This ignores the progressive improvement in the rapidity and cheapness of transport, which continually counteracts the influence of increasing distance in raising prices. Very likely it costs less and takes very little more time to bring food to London from Canada than it did to send it from Yorkshire in the days before the railway. The city part of our population have been fed on "imported" foodstuffs for generations, and on food that must have been as much knocked about and often been quite as old when it came to town in carts as now when it travels a far greater distance by rail or steamer. It is only when we speak of the rural districts that Mr. Lumsden's criticism can be unreservedly accepted,

and even then it is not true as regards wheat. It is as certain as anything can be that the British people never had as good bread as during the last thirty years, and that no nation in the world ever had better.

This is so because during that time British millers have had the pick of the world's wheat supply to choose from. Great milling establishments have arisen at the ports, which are less dependent upon the climatic conditions in any particular wheat-producing area than the mills in other countries. If the harvest fails or is injured by bad weather in Canada or Argentina, in India, Russia, or Australia, this means inferior wheat and bread for the inhabitants of the country affected; but unless all the harvests fail at the same time, it has far less influence here. Even the worst summer of our fickle climate, though it may almost ruin the British wheat crop, has but little effect either on the price or quality of British bread, which maintains a uniformly high standard whatever happens to one of its numerous sources of supply. And though our prices for wheat are necessarily higher than those of any country from which we are at the moment importing, the loss is reduced to a minimum. The regular traffic, the arrangements

made for prompt shipment, the fact that corn can be easily stowed in bulk, make the cost of conveying it to our shores much less than that of importing produce which is in less regular demand, which takes time and money to stow, and cannot readily be stored till wanted.

So much for the question of our needs in peace. In war, it is in the first place necessary to remember that any nation that does a foreign trade at all must necessarily suffer inconvenience from the loss of foreign supplies when it goes to war with one of its customers, much more when its enemy is able to impose on it any sort of blockade, by submarine or otherwise. We are dealing with a problem for which there is no real solution—except the preservation of peace. Those only are going to the root of this question, as of others, then, who are planning to build up a more settled and peaceful world-order after this war is ended. We can do more to protect ourselves against shortage of supplies such as we have suffered from during the war by throwing British influence on the side of President Wilson and others, who desire to replace the international anarchy, out of which the war arose, by a civilized international order than by any domestic change. It must frankly be recognized that neither this

country nor any other European belligerent can afford to have another war of this kind. European civilization will be saved from shipwreck, however hardly, if as soon as the war is over the nations turn to constructive work and devote themselves whole-heartedly to the internal problems it has raised for them. If, however, they immediately return to the consideration of war and preparations for war, a final collapse of European civilization is morally certain, sooner or later. And for us, if we cannot devise some means of keeping permanently at peace, but must run the risk of being cut off from time to time from the food supplies of the world, there can be no question of avoiding the ultimate ruin of our country; the best that we can do will at most merely put off the evil day.

To achieve that modest aim, however, and to make it more difficult to starve us by blockade, the need is to increase the supply of *food*, not merely that of *wheat*, within the country. By a comparison of nearly two thousand weekly budgets of families receiving an average of 36s. 10d. a week, the Board of Trade, in 1904, arrived at the scale of expenditure on food given in the footnote [1]: —

[1] The reader may note the bearing of this on what has been said already. An average family earning 36s. 10d. and

It is clear that a maintenance of the bread supply would do very little to help such a family, if other foods or a number of them fell short.

spending on food 22s. 6d. a week would spend in rent and manufactures anything up to 12s. 4d. a week. That was its *margin*. But such a margin out of 36s. 10d. a week has long since disappeared, and these two thousand families cannot again be good customers for British manufacturers until either food has fallen heavily in price or they are paid much higher wages.

	s.	d.
Bread and flour	3	7
Meat (bought by weight)	4	5½
Other meat (including fish)	0	11¾
Bacon	0	11½
Eggs	1	0
Fresh milk	1	3¼
Cheese	0	6½
Butter	2	1½
Potatoes	0	11
Vegetables and fruit	0	11
Currants and raisins	0	2¾
Rice, tapioca, and oatmeal	0	6
Tea	1	1½
Coffee and cocoa	0	3¾
Sugar	0	11¾
Jam, marmalade, treacle, and syrup	0	6½
Pickles and condiments	0	3¼
Other items	1	9½
Total	22	6

When one kind of food cannot be obtained, it is often possible to substitute another, as those know who have been trying to discover what can take the place of potatoes, or what should be done to satisfy the hunger left after limiting themselves to the Food Controller's ration of war bread. Our difficulty has been not merely or even mainly that bread has become dear, but that everything else has become dear at the same time. If the country had been fully supplied with potatoes and vegetables, and we had had cheap eggs, bacon and meat, we might have been inconvenienced by the short supply of bread, but we need never have been anxious about it. The need was to increase the total supply of food: a cargo brought to the country was a gain in any case; one sent to the bottom by a submarine was a loss any way, no matter with what kind of food either ship might be loaded.

But England can be supplied with a greater quantity and variety of home-grown food by the cottager with his spade than by the farmer with his plough, and to better purpose in reducing the cost of living in peace, while effecting greater independence in war. In the last resort, the question of variety apart, the problem in war is to bring the largest possible number of

cargoes to our ports, to economize our shipping. To do this to the best advantage, it was desirable to import as far as possible those foodstuffs which could be easily and rapidly loaded, could be obtained from a great variety of places, and could be promptly discharged. If we had had plenty of other things in the country, it would have been comparatively easy to supply ourselves with corn ; while in the last resort it would have been possible to endure the lack of it. And if everything else fail, and we must have corn at any cost or surrender, there is still a more effective way to secure it. Wheat is a most uncertain crop in this country where wet summers occur so often and where rainy autumns not infrequently compel the cut corn to lie rotting in the fields till it has to be fed to the pigs. The only way to be certain we shall always have an adequate supply in case of blockade is to build adequate warehouses and buy as large a stock as is required beforehand. But that is the statesmanship of Joseph ; instead of it, the up-to-date " business Government " desired by Mr. Bottomley gives us the Corn Production Bill !

This measure is only another example of the utter failure of British agriculture to realize the opportunity brought to it by the industrial

revolution. The increase of population this revolution brought about inevitably raised the prices of agricultural produce above the average rate in less developed countries. This was, of course, an advantage to our agriculture; and other things being equal, any form of culture should be more profitable here than in countries farther from the market. With our system of large private estates, this profit went mainly to enrich the landowners by raising rents. But the advantage, because of the easy way it could be transported and the good condition in which it could be brought to market and stored for a long time, was less on corn than on most other things. Under such circumstances, it was inevitable that corn should be less grown, and landlord and farmer, eager to maintain their class existence, met the case by laying down thousands of acres as permanent pasture, thus producing commodities where their differential advantage over the foreigner was greater, but where, nevertheless, production could be carried on under the system of landlord, tenant farmer, and wage labourer, as of old. Meantime, they neglected and left to the people of Denmark, the Channel Islands, and Brittany the growing trade in market-garden and small-holder produce,

ever looking back regretfully to the days of high prices and the Corn Laws.

The natural development of agriculture in modern nations would seem to be different in the case of a country where alongside the agricultural population there is an industrial population as well, and in a purely or mainly agricultural country. To take the latter case first. A purely agricultural country—and all countries where there is little mineral wealth will remain agricultural in spite of Kropotkin and his queer allies, the Protectionists of such countries—must obtain its manufactures by exporting foodstuffs. It will have a surplus of such foodstuffs, which will consequently be very cheap. As most of its people will be working on the land, there will not be much internal trade in agricultural produce, and garden stuff in particular will frequently be grown by each family for its own use and not for sale at all, at least in the home market. It is the growth of large towns that makes the greengrocery trade, which probably does not develop till long after those of the miller and butcher. Even meat may very often be consumed on the farm, not bought from tradesmen. The low prices ruling for the main staples, corn and meat, however,

will make it profitable to dispose of them in larger markets, and as industry develops elsewhere, the export trade in them will grow. But land being cheap in such countries, those forms of culture which require large quantities of land will tend to have a greater advantage over the produce of industrial countries than those in which large quantities of stuff can be grown on smaller areas. Normally speaking, therefore, there should be a general tendency for the export trade to consist mainly of the produce of large farms, especially such easily transported, non-perishable things as corn.

In an industrial country a complementary development may be expected. Here, prices all round will be higher, in itself an advantage, and not an evil, for the agriculturist; presuming, that is, that the land system of the country is a good one. The competition of more thinly peopled lands, climatic conditions being equal, can never prevent the home producer from having an advantage over the foreigner: it can only prevent him making a monopoly and exploiting the consumer. From an acre of land, no matter what kind of crop is grown on it, there will always be a greater total money return than from an acre of equal quality in the more distant land.

The cost and waste of transport will always give the home producer, other things being equal, a differential advantage. But this differential advantage will be most marked in the case of market-garden and small-holder produce. In these, to a very large extent, the market will not merely be expanded, it will actually come first into existence with the growth of the towns.[1] Conditions have been set up which render it impossible for millions of people to produce their own eggs, vegetables, potatoes, and bacon, and the market for these things will increase beyond all proportion to what it is where every one can grow his own. Here, too, the growing price of land will affect the producer least, for he requires little land in comparison; while as most of his goods lose in quality and incur much waste in transport, he has a greater natural protection than the large farmer.

When, therefore, the growth of population made this country a food-importing one, the

[1] Even yet there are out-of-the-way country places in England where by-products of the farms have hardly any commodity value. Butter-milk, fruit at the height of the season, cut flowers, and in one part of the country home-brewed mead, are instances I could name. Goat's milk, too, is mainly obtained for home use, while I have received sixteen large new-laid eggs for a shilling in October.

proper policy for agriculture was to import corn as freely as possible, while developing to the utmost extent the culture of the small-holder. In opposition to the idea of the Hon. A. Shaw, we should have had, long ere now, a very great increase of "intensive," whatever may be said about "hot-house" culture. Even the little temporary reform that enabled thousands of inexperienced townsmen to obtain plots of vacant land last summer had a very considerable effect on the prices of vegetables as soon as the allotment workers began to win their crops. That, in so far as it went, was a real reform, and the method by which the Government did it is significant. No dole was given to British landowners or farmers. On a small scale, and for the time being, the Government did exactly what the Russians are doing to-day—they took possession of the land without compensation, and handed it over to the people who were prepared to cultivate it.

On a very much larger scale and permanently, not for twelve months or "the duration of the war," the British people will have to get possession of the land, or the steady and mischievous check the landowners have put upon our rural development for the last century will become

a stranglehold that may ruin the country. With a debt counted in thousands of millions, and burdened with an enormous army on the back of the taxpayer, which can only partially be demobilized by industry, with dear food restricting the purchasing power of the people, we simply cannot afford to let our mediæval land system stand any longer in the way. To do so would be not merely to relieve the rural landowner of his duty to bear a share in the burdens imposed on the nation by the war, but to hand over to him in the last resort an enormous unearned increment. Dear food means high rents, and dear food we are certain to have for many a long day, even at the best. I have very little doubt that the method by which the allotments were obtained will not be forgotten. Either by law or by force, the land needed will be taken; but it makes a great deal of difference whether the needed revolution in our land system takes place "in due form of law" or only after a reign of disorder and violence. But this country is not going to be ruined, no matter what happens; the men who volunteered in millions for this terrible war are not the sort of people to submit to that. If the law of the land cannot find an orderly way to prosperity for them, we shall

have a revolution; but if Parliament grasps fully the urgent necessities of the case, it can, I hope, accomplish the revolutionary change by peaceful methods.

CHAPTER VI

THE PROBLEM OF DEVELOPMENT

EVEN after industry has absorbed as large a quantity of labour as it is able to take up, the nation will still be charged with the support of an indefinite number of soldiers, certainly far in excess of anything needed in time of peace. We should not even exclude from our view the possibility of not needing a standing army at all; for so great and incalculable will be the changes brought about in Europe by the war that armaments may become unnecessary, or even, by international agreement, be prohibited. The one certain result of the war is the bankruptcy of most of the belligerent Governments, however that bankruptcy may be concealed by more or less dexterous financial juggling. That this fact involves the most tremendous changes and threatens with destruction any institution whatsoever, except the fundamental work on

which all the varied arrangements of human life are based, that of extracting food and raw materials from the earth and shaping them into utilities by human skill, renders it unsafe to assume the continued existence of any one institution or custom superimposed upon them. Doubtless many secondary activities and institutions will survive without fundamental change, but I doubt whether any one can say which will continue and which disappear. Armies on anything like the pre-war scale may go with many better things.

Let us assume that, after all the requirements of industry have been met for the present, we have a million men left to be provided for; and that, there being now no ammunition or new weapons to buy, these can be fed, clothed, and paid at a cost of three million pounds a week. This means a charge on the Treasury of £150,000,000 yearly, a serious matter for the taxpayer, and one that will ensure his continued interest in the problem of the undischarged soldier. I have already said that the veteran soldier of this war will not be forgotten, as those who fought for their country at Balaclava and Waterloo unhappily were. From the point of view of the soldier himself idleness is an unsatis-

factory state of things, only tolerable as a temporary expedient to avoid worse evils. I have said that the war makes a great chasm in the life of the men of this generation. Before the war, they were placed, so to speak, on one side of this great gap in their lives; the war cuts them off from all the purposes and pursuits, and to a large extent from the very ideas of their former lives; thus bringing home a personal revolution to each individual. But this revolution is not completed with the close of the war; equilibrium, inevitably a new equilibrium, in the individual as in the social life, is not established until the men are again settled in some stable civilian employment. Our million men may be regarded as being placed on a temporary bridge across the chasm, waiting until arrangements have been completed to land them safely on the other side. To find some rapid and orderly way of doing this is just as urgent a national problem, just as great a justification for "emergency legislation," as anything in the war itself. Whether the future of the nation be great and prosperous, or whether we decline to a third-rate Power, may very easily depend upon whether or not we have statesmanship or courage enough to handle this matter boldly and wisely, or

whether we allow the spirit of compromise and respect for vested interests to rule in the settlement.

Note that in the terms of the case these men are those for whom it is impossible at present to find employment at adequate wages through the ordinary channels. We have to *create* employment for them, and this we can only do by some comprehensive scheme of national development, and development of a kind that will be productive and result in a great increase of wealth. Mainly, too, this wealth production must take the form of things other than those already produced in abundance by our factories and mines. The fundamental reasons why all the soldiers cannot find prompt employment in industry are precisely that the rise in the price of food and the general impoverishment of the world render it improbable that the demand for manufactures will be as great, much less greater, than before the war, at least for some time; that even before the war manufacturing industry found very little difficulty in keeping pace with any demand upon it, indeed it often over-supplied the market and gave us periodic depressions of trade; while, on the other hand, the war, by drawing into industry everywhere and partly

training hundreds of thousands of new workers, has revealed an altogether unprecedented power of multiplying production. Our development, then, must be a development, not of manufacturing industry, mainly, but of land. It will be increased supplies of food and raw materials that the world will want after the war. If we can get plenty of raw materials, and increase the buying power of the world for its secondary wants, manufactures, by cheapening the cost of its primary one, food, there will be no difficulty in working up the raw materials to meet any possible demand of the market. It is true that as we progress in agricultural development, we shall also tend to increase the demand for manufactures. A large and prosperous rural population will be buyers as well as sellers. Their produce coming into the market will be exchanged mainly for manufactures, and by cheapening the cost of food will tend to free a larger portion of the townsman's wages for other things.

The more boldly our people handle this matter the better, and the first thing to do is to offer any soldier who cares to apply for one the use of a small-holding properly stocked and prepared, with house and necessary outbuildings attached, and with reasonable access to the market. This

should apply to every soldier, no matter whether he has had any previous experience on the land or not. It should be offered also to wounded or nerve-shaken men. The definite right of accepting or rejecting this offer should be accorded to those who have served their country, without any reserve whatever. I have no doubt that if such an offer were made it would be joyfully accepted by many thousands of men, probably by many hundreds of thousands. All who so apply should then be put in a class by themselves, and should be released from the army and placed under civilian control, but required to devote themselves to a special course of training designed to fit them for the new way of life they have elected to take up. For this purpose, proper courses of study should be drawn up, land should be taken for training-grounds near the encampments, and everything possible done to ensure that both the practical and scientific sides of the small-holder's work should be thoroughly understood by the men before they are called upon to start in earnest. Meantime, of course, the pupils should be supplied with their regular army rations, while their pay and family allowances should continue as before. Such widows and dependents of fallen soldiers as care to apply

should be offered the same opportunity, on the understanding that as soon as adequate holdings were supplied to them, any pensions to which they may be entitled should cease or be commuted into a moderate cash payment for initial expenses.

Coincidently with this period of training should go on the vigorous preparation of the holdings for those who require them. In places near the great town markets and on land suitable for market-garden culture, large areas of land should be acquired, divided into holdings of suitable sizes, and placed in order, with cottages and everything needed by the expected tenants. Roads, light railways, water, and perhaps electrical power and light, should be laid on to every estate, and convenient communal premises for jam-making and dairy work built; while the co-operative societies should be given every facility for establishing themselves in the new communities about to spring up. All this could not be done without a great supply of labour, and incidentally a demand for many manufactured articles, for iron, bricks, and various materials. The labour required for all this should be obtained in the same way as the industrialists would, under this system, be compelled to obtain any fresh workmen they needed. Notices could

be put up in the camps offering employment on the new work to any soldiers who cared to take their discharge for the purpose. Neither for this sort of work nor for any other should the rule be broken guaranteeing to the soldier his absolute freedom of choice, so that the terms offered would have to be at least a full equivalent for army pay and allowances. But at *adequate rates of pay* many more soldiers could be demobilized this way, and put to really productive work, the results of which would ultimately come back to the taxpayer, instead of meaning nothing but loss to him.

When the small-holdings were ready, and as they were ready, they should be granted to the soldiers on some arranged system. It might be best to place first those men who already had practical knowledge of the working of the land, while certainly, so far as that was possible, each man should have the option of having his holding where he chose.[1] The ownership of the soil should be retained by the State, unless, as might

[1] Perfect freedom of choice would not be practicable. While the Government should undertake to provide as many holdings as are applied for, it should buy only in large estates which can be developed on a general plan, and should have freedom to buy or refuse to buy as it chooses.

often be the case, the County Council, in whose area an estate laid out for small-holders is located, is willing to undertake the purchase of the land and become responsible for its general oversight. In that case, the State should lend the money needed to the County Council at moderate interest, reserving to itself a tax on the value of the land, as will be explained later in this chapter. The State or County Council should charge to the tenants a rent equal to 5 per cent. interest on the unimproved value of the land, reserving the right to vary this annual charge from time to time according to the fluctuations in the value of the land. All improvements, whether made by the previous landowner or by the State, should, however, become the property of the tenant from the moment he obtains possession. This does not, of course, mean that the State should make a present to the soldier of the money spent in fitting up the holding. A reasonable grant to him may indeed be made of part of the cost; but the improvements, including the cost of buildings and the preparation of the land, should be invoiced to him at a set price, and paid for by a sinking fund, calculated to redeem principal and interest over a term of years. Each colony of discharged soldiers should be encouraged

to form a tenants' association, to arrange, when required, further temporary loans, which the Government should always be ready to consider on the credit of the associations; but after the first start off no tenant should be allowed to obtain any further advance on his own personal security or that of his holding.

There is another way in which we may look at the question. So long as the individual soldier remains in the army he is, we may assume, an expense to the nation of three pounds a week; when he leaves and begins to earn money for himself, the taxpayer is relieved of this burden. His complete demobilization is pure gain to the taxpayer. But even if it be impossible to find fully profitable work for him on conditions sufficiently attractive, something would at least be saved to the taxpayer if, in return for his keep, the soldier could be got to produce anything at all. If it comes to maintaining a large number of men unproductively or getting them to produce even a part of their keep, the latter is plainly preferable, unless—and this is a vital point—they are simply displacing some other workmen who will in their turn have to be kept by the State. After, then, as many men as possible have been demobilized in the ways so far suggested, if we

still find a reserve of men on our hands for whom we cannot find employment where they can produce *all* their keep, it will be something to the good to get them to produce, say, half of it. If we can attract a number of men from the army who are costing us, say, £1,000,000 a year, and get them to produce something for the nation worth £500,000, the taxpayer will be half a million yearly to the good.

More especially will this be good policy when the thing produced will ultimately be worth as much as or more than the outlay, though, because of the slow return to be expected, a private trader is not likely to undertake the work. The best subjects for development of this kind are such things as reafforestation and the reclaiming of waste lands and foreshores. If one were to venture a prediction as to what thing was most certain to rise in price during the next fifty years, about as good a guess as could be made would be timber. The world's supplies of timber are steadily declining, while as population grows, the demand for it is continually increasing. This, taking into account the enormous extent of the world's virgin forests, is a process that may go on for a very long time without producing any very striking effect. Obviously, however,

it cannot last for ever without bringing us some day to a serious shortage of timber. Until an equilibrium is established between the number of trees planted and the timber used annually, just as there is on the whole an equilibrium between the cotton or wheat grown and used, the mere fact that a tree takes many years to grow and these plants only one or a few, makes no difference in the ultimate result. An immediate difference, however, is that no man can expect to realize much himself on a crop which he will hardly live to cut, so that it is hardly any one's interest to grow trees. Yet, with our scanty woods and large requirements, it is easy to see that we may ere long have to pay very heavily for our supplies; while it seems certain that any trees planted now will be of very great value indeed when they grow to maturity. By planting a large quantity of trees, we should be building up a great national asset which it would be only fair to leave to our children, to whom we shall certainly bequeath a gigantic national debt. In this case, probably, a well-thought-out scheme would be ultimately, though of course not for many years, remunerative, and should certainly form part of any plan for the development of the country. Again, however, any soldiers

demobilized for this work would have to be dealt with on the same fair terms as in other cases. Perfect freedom of choice would have to be secured to the soldier, and the Development Commission, or whoever undertook the task, compelled to offer wages for the work sufficiently attractive to induce the men to take their discharge voluntarily. In this case, grants would have to be made to the Commissioners for the amount required yearly, and any immediate relief coming to the taxpayer should be confined to such a reduction in the rate of repayment of the debt as might be justified by the steadily increasing value of the national asset created.

The cutting and widening of canals, the making of roads, bridges, and light railways in places where such work, though beneficial, is not likely, at least at first, to be fully remunerative, are other forms of work by which, without entirely delivering the taxpayer from the duty of keeping the soldiers, the burden might be greatly lightened. In these cases, the way would be to make free grants-in-aid to County Councils, on condition that they undertook the work and did it to the satisfaction of the Local Government Board. There should be no dictation to the Councils as to the labour they should employ,

but as work of this character spread, the councillors or their contractors would inevitably be compelled to draw upon the greatest reserve of labour and to offer conditions that would demobilize more soldiers.

Leaving out of account other schemes of development which may suggest themselves to the reader, and others again which probably would occur to Governments anxious at all costs to relieve the public finances of this legacy of the war, it may be well now to take a survey of the possible results of these proposals. We, of course, do not know how many soldiers we should really have to deal with after industry was freely supplied. They might be so many that, after every device had been tried, a considerable, even a great, reserve remained over. On the other hand, private industry might require so many men that the small-holding scheme and the work of preparation for it would absorb every available man in work fully remunerative. Between these two extremes we might have a state of things in which, while most of the men could be employed in fully remunerative work, a number would find employment only in development work, to which the State would require to give large grants-in-aid. The last two cases are alike

in this—either of them in itself completes the revolutionary movement begun by the war. The men removed from their pre-war positions are replaced in their post-war ones. The immediate national crisis is over, and one can rest assured that no feeling of injustice will remain. There would be no excuse for, no likelihood of a general upheaval or of anarchy in the land. I believe such a state of things would be effective in securing order in this country, whatever the state of affairs existing abroad. Provided they are fairly treated, and can live in comfort and freedom meanwhile, the British people have too strong a sense of law not to confine themselves to legitimate means to expand their freedom and improve the life of the nation.

I think it extremely likely, however, that even after everything possible has been done to provide employment for our people at home, there may still be a reserve of men for whom no work can be found here, who must either remain idle or emigrate. After all, forty-five million people is a very great number to maintain on so small an area as that of the British Isles. Even allowing for our great mineral wealth and our maritime position, it is possibly more than the most advantageous distribution of the world's

population would allot to us. Other lands are crying out for labour, and with the inevitable rise in the prices of food and raw materials there will be still better openings in the new countries, where these things can be produced in abundance, after the war than before. It would be narrow-minded and in the long run fatal to do anything to check the most advantageous distribution of the population of the world possible ; and though it is exceedingly desirable to provide for as many people as can be maintained in prosperity here, we should not attempt to do more. It is the actual well-being of our own descendants, not the country where they are called upon to live, that should be our ultimate aim. We should offer to the soldier not only a career, but the widest possible choice of careers, and if he wishes to emigrate do as much as possible to help him.[1]

A well-considered scheme of assisted emigration should, therefore, accompany any plan of

[1] It is a curious fact that British people emigrate more in good than in bad times. Thus, emigration was rapid in 1907, a prosperous year, and fell off in 1908 and 1909, two years of depression. During the boom of 1910–14, emigration was resumed at an extraordinary rate. The fact seems to be that people emigrate when they can afford to pay their passage, not when they are unemployed and have no money for the purpose.

development adopted. Of course, this too should be carried out without prejudice to the soldier's absolute right to free choice. If this essential were observed, however, the Government would probably find the Dominions very willing to help them by providing attractive openings or ensuring employment to discharged soldiers. We on our part would, of course, pay the fares, both of the men and their families, and provide them with such an outfit as would give them a fair start in their life beyond the seas.

Even when these things were all carried out we should still have a reserve, possibly a considerable number of men, who would be attracted by none of the proposals made. Possibly some might actually prefer a military life with all its dangers, while others might be too lazy to leave the routine and security of the army in peace for more strenuous and doubtful duties elsewhere. The number would certainly be relatively small, but it might readily leave us with a larger army than we need, or even, if any arrangement for international disarmament is come to at the peace, will be entitled to maintain. If so, and as long as we have men who want to stay in the army, recruiting of all kinds should stop, until, by death or superannuation, the number is

reduced to the required amount. And when once we had ascertained by offering under fair conditions every possible alternative to the men that those remaining had no wish to become anything else than soldiers, we should be perfectly justified in acting on that fact. After a period of years, in which everything possible had been done to find civilian employment for the men, it would be quite fair—so it seems to me—to demand from the remainder that, if advanced in years, they should leave the army on such pensions as were considered their due, or if still young, re-enlist for a term of years to be followed by retirement on the usual pension. Whether or not, and if so, how far their places should then be filled by further enlistments, would naturally depend on the state of world politics at the time.

If such a programme were carried out, I claim that the problem created by the war, the problem of demobilization, would be substantially solved. The nation would have got through its period of revolution, and would be able to resume the evolutionary methods of a time of peace. But, as often happens in a case of fever, the system of the body politic would have been incidentally cured of a good many chronic evils from which it suffered in the old days before the war. That

cruel "tyranny of the country-side," which has kept the rural labourer of England little better than the slave of the farmer, would be as dead as chattel slavery itself. Given the choice of a fair start as a small-holder or as a free emigrant, the soldier would not return to labour on the farm, except on very different conditions from those which he left. The scheme gives a far better guarantee than any minimum-wage clause in a Corn Production Bill of fair conditions for the British farm labourer. So, too, with the town workman. As I have already said, I regard any pledges given by Ministers for the restoration of Trade Union regulations after the war as worthless, if the army is to be discharged wholesale on the labour market. These things were won by Trade Unionism in the face of tremendous difficulties, and can only be retained by Unions in a strong enough position strategically to enforce them. They are the outcome of collective bargaining between employers and employed, by people who are in touch with and understand the varying conditions of each trade and district. The scales have hitherto been weighted heavily against the men, but the method of arriving at trade agreements is right enough where the balance of power is reasonably equal. And as far

as they go, the measures here proposed will help to equalize the conditions, for, under this arrangement, the power of the Trade Unions should be greater than it has ever been before.

During the war women have gained a further footing in industry, and if this can be maintained after the peace, another chronic evil of our system will be to some extent removed. Women have just as much right in industry or the professions as men, and the narrowing of their opportunities for employment by custom or the Trade Unionism of the Bar or the factory is a cruel injustice to them. Many of these restrictions have been broken down by the war, and if the positions gained can be kept after it is over, the scandalous underpayment of women's labour will have a chance to be remedied. But this can only be done without danger of a sort of sex war, if men are not driven by hunger and desperation to seek to oust the women who have taken their places during the war. Both sexes have a "right to work," and both are entitled to decent wages. When society drives them to struggle against one another for these elementary rights, no doubt many evil passions will arise and many narrow and illiberal views will be engendered; but the blame for these must rest mainly on the

social conditions which are the cause of them, and they will only give way to more humane and rational ideas when these social conditions are replaced by better ones.

Lastly, this programme would go far to placing British agriculture on lines natural to a populous country, easily accessible by sea to foreign supplies of wheat, but needing an abundant supply of the more perishable foodstuffs, which can be produced more readily by the small-holder raising large quantities from a small area. In so doing it would tend to adjust the balance between the country and the town, and do much to raise the physical standard of the race, greatly injured, it is to be feared, by the loss of so many of our strongest and bravest in this terrible war.

The scheme as a whole, considered as an expedient for dealing with the immediate crisis, may be regarded as one for regulating the flow of labour back to civil life in such a way as to meet the legitimate demands of the labour market. From the great reservoir of labour confined in the army, industry can draw all the supply it really needs, but no more than what it needs. The fields of industry, in short, will be fertilized, but not flooded. For the rest,

and to make full use of the surplus which the older industries cannot use, new fields of industry are opened and the volume of production extended until the reservoir is at last emptied and the dislocation of the war ended. Such a scheme would in no way injure the honourable employer, carrying on his business under fair conditions, but it would effectually prevent the sweater and the industrial tyrant from taking advantage of the soldiers' necessities to reduce them to industrial slavery. Nay, to the good employer it would probably come as a boon. Better than any Trade Board regulations, it would compel his less conscientious rivals to level their conditions of employment up to his own; while by acting powerfully on what is likely to be a most formidable obstacle to a revival of trade, the exorbitant price of food, it would bring about a growing demand for the manufactures he produced.

And again, considering the scheme as a means of dealing with the immediate problem, one comes to think that the things it plans to do are those which, in one way or another, by one means or another, *will* be done not only here, but throughout Europe after the peace. The Committee of Workmen and Soldiers—"workers"

we are told it should be translated—in Russia, has essentially come into existence because of the failure of the old régime to deal with the crisis of war. But the combination of "workers and soldiers" is significant, for it is essentially by the "workers" including the women and the soldiers, and according to their needs, that the new order after the war must be shaped. If the other Governments of Europe fail in the crisis of peace, as Russia failed in that of war, then, whether they are called by that name or not, provisional governments of workers and soldiers will certainly usurp their places, and rearrange the world. Where the Government has the means, the courage, and the wisdom to do the thing in an orderly manner, so much the better; in that case, the force behind the scenes, that of the workers and soldiers, will act peacefully through it. But when the Government fails, either from lack of means or of will, the new forces will take the matter out of its hands, and practically the same readjustments will be made by confiscation and violence. There is an imperative necessity behind this thing, common to every country that has before it the problem of demobilization. No doubt the peculiar circumstances of each country modify

the conditions greatly, but the circumstances differ no more widely anywhere than in Russia and the United Kingdom. And in each of these two the answer is the same—the people must get control of the land. Can we devise a more orderly way of doing this than they are adopting in Russia?

Under the scheme here outlined it will be necessary for the State or the County Councils to acquire land in far greater quantities and far more promptly than has hitherto been attempted. It is really the same problem that confronted the nation before the war; the difference is not in kind, but in degree. The two leading schools of land reformers, those who wish to bring the land under the control and ownership of the nation and those who wish to appropriate the land values created by the demands of the people, have both been pressing the legislature for concessions. Hitherto they have made only slow progress, the Small Holding Act, on the one hand, and the Land Valuation necessitated by the Budget of 1909, constituting their greatest successes. They were met, and will be on this occasion, by the strenuous opposition of the landed interest, and were backed up by national support real enough, it is true, but not of a char-

acter such as occurs when a nation is faced by the alternative of immediate disaster or drastic action. The war has turned an urgent need for steady progress into a revolutionary necessity. We simply cannot afford either to maintain millions of soldiers in idleness or to turn them adrift in an overstocked labour market. We *must* act, therefore, and act at once.

The circumstances are such, too, that we cannot allow obstruction either from the conservative force of landlordism or from the doctrinaire objections of land reformers themselves. The school of land reformers who supported State purchase of the land were met by the single taxers with the argument that every purchase of land tended to raise its price, and that public authorities buying land had always to pay excessive prices for it. Obviously, the success of every project for using land will depend very largely on whether the price of it be excessive or reasonable ; you could ruin any scheme, however good in itself, if the land required for it is exorbitant in price. It is an absolute essential of any scheme of land purchase that some workable method of obtaining the land required at a reasonable cost should first be set up. Again, it is no use buying land simply for doctrinaire

reasons; you must have a definite plan for using the land. Communal ownership implies communal organization and a strong public spirit, otherwise it will never work effectively. To buy land anywhere and in any quantity simply because a people *ought* to own its own country is only a way to run up an enormous debt without any guarantee of a return. As against land purchase, then, among a people who have no immediate thought-out use for the land, the expedient of taking part or the whole of the economic rent as taxation holds the field. Leaving out of account the question of justice, this is not a very creditable state of affairs, as the fact that a nation has no definite idea of how to use and develop any portion of its own land indicates a very low standard of public spirit.

But even given a higher development of the communal spirit, it would still be necessary to have a ready method of preventing extortion in buying land. The value of the land, and nothing more than the value of the land, should always be paid for it whenever it is taken over by a public authority. To ensure this, incomparably the best method that has yet been devised is the taxation or rating of land values. You may pass Acts of Parliament by the score, limiting to

reasonable dimensions the compensation to be given to the seller when land is required for any public purpose, without having any effect, except to stimulate the ingenuity of lawyers in devising means of circumventing the intentions of Parliament, unless you first impose a tax on the value of the land, and so compel the owner, before there is any prospect of having to sell, to place a value of his own upon it. When once the principle is established, that what the land is worth for taxation purposes, that, neither more nor less, is its worth in estimating compensation, you can go on buying land as fast as you can devise means of using it, without fear of being imposed upon.

But the factious opposition to land purchase, proceeding from the followers of Henry George, is just as much to be opposed as would indiscriminate land purchase, which would have the effect of raising prices. The taxation of land values would in itself solve none of the problems facing society either before or after the war, though there are few whose solution would not be greatly simplified by it. No machinery whatever can act as a substitute for an alert and enterprising public spirit, and when this exists no mere doctrine of *laisser faire* can

prevent its finding expression. Obstacles put in the way of State or communal enterprise are, however well intended, merely obstacles to communal freedom, and can only be enforced, if at all, by the efforts of a strong reactionary vested interest, not by a group of political theorists. A public-spirited commune, rural or urban, which sees its way to carry out any good scheme by buying land at a reasonable price, will not be content with merely rating the value of the land, and will certainly ignore any political notice-board "Sacred to private enterprise; any Corporation trespassing on this land will be prosecuted, by order of the United Committee for the Taxation of Land Values." Once a real and vigorous public spirit comes into existence, all such artificial hindrances to its progress are ignored—and rightly.

The truth is, that both what I may call the architectural and the surgical schools of social reformers are partly right and partly wrong. The one school studies in a more or less realistic manner the various injustices of society, and aims to create some elaborate scheme of social architecture which will deal with them all. The plans and elevations of the New Jerusalem are more or less carefully thought out, and presented

to the public as a whole. The merit of this method is that numberless evils are studied at first hand, and the immense complexity of the social problem to some extent understood. It is impossible for such people to expect social salvation from any one expedient, or to accept a political war-cry like "Tariff Reform Means Work For All," or "Free Trade is the Solution of *every* Social Question." Of this school Mr. Sidney Webb is the greatest living example. The faults of this method, too exclusively followed, however, are that it leads to a certain blindness to what can really be done by individual reforms, or rather to the extent to which individual reforms may release new forces in society capable of using them to great advantage. Thus what I may call the surgical school has its justification also. To this class of thinkers belonged pre-eminently the late Henry George. The surgical school tends to believe in the self-acting virtue of some specific which, by removing a canker from society, will restore the health of the body politic, conceived as something essentially healthful and harmonious, but for one flaw and its consequences. To such people, at ordinary times, it is easy to imagine that taxation of land values will provide remunerative work

for every one, even for the man who, having advanced far in life while working and understanding only one trade, finds that some modern invention has swept that trade out of existence altogether, and left him in a world which has no use for his services until he has been taught to do some other kind of work. But even the most enthusiastic single taxer can hardly imagine that hundreds of thousands, perhaps millions, of penniless soldiers can all be found employment by the simple expedient of clapping a heavy duty on land values. Organization must play its part here, and organization on a gigantic scale. We may hope, then, that the single taxer will recognize that some definite social architecture is now necessary, and that others will be got to recognize the importance and present urgency of his particular idea. And urgent it is. Consider the conditions. We may require five or ten million acres of land, which the State should be free to take wherever it can get them. It would never do to confine the buying powers of the State to any particular piece of land; we should leave it free to accept or reject any offer, and if no offer were made, to compel purchase wherever it was thought most desirable. The conditions of the time themselves will inevitably tend to

inflate rural land values, for even if foodstuffs ever fall to pre-war values again, that will certainly not take place for some years yet. And if, as I have shown reason to believe, the burden of debt and the issue of large quantities of paper money have the effect of bringing a permanent change in money values, this will give the landowner an enormous advantage. Very far from bearing, whatever the increase in his income tax, his share in the costs of the war, the increased world-prices of food and of freights will bring him for long more than a proportionate rise in rents; while all the permanent fixed charges on his estate and the interest on his mortgages will become proportionately lighter. He will be the recipient of the most gigantic "profiteering" gain of the war, especially if, without taking thought to prevent it, we enlarge indefinitely the market for his land by purchasing millions of acres of it.

But far from making a profit by the war, it is the duty of the landowner to bear his share in the losses it has caused. We can ensure that he will do this, in some measure at least, and in proportion to his ability, if we insist upon him giving a separate valuation of all his real property, dividing the land value proper from

the improvements that are upon it. The former should include the natural prairie value of the land, with full allowance for any advantage of position due to proximity to a city, or other cause, and all mineral, shooting or other rights connected with it, whether used or unused. Rights which it is considered possible may some day become valuable should be included, and the price at which the owner would be prepared to sell their future possibilities for present cash. The right of modifying by reduction or increase the valuation on giving twelve months' notice should be allowed to the landowner, and every valuation made should be registered in the books of the Treasury. On 5 per cent. of that valuation all local rates and income or super-tax due from the owner should be levied at the current rate from year to year; while at death his estate should be charged death duties at the rate indicated by the total amount of his estate, on the land value declared. Of course, this should not be *extra* to the usual taxes on that part of his income arising from land values; while the rest of his income from improvements or from investments other than in land would be taxed on the present basis.

And on this valuation, so made, should be

based all compensation given for the purchase of land, for the scheme of soldier colonization, or for any other public purpose. The valuation would be best left entirely to the landowner. If he pleased, he should be quite at liberty to give his land no value at all, and thus escape taxation. If so, however, the State should take him at his word, and all land on which no value had been placed should *ipso facto* become the property of the nation. Nor should, in the event of purchase by the State or the local authority, any compensation be given for shooting or other secondary rights not allowed for in the valuation and taxed accordingly; so that everything for which the landowner can claim compensation, if his land comes to be taken over, should be included.

So great has been the rise in foodstuffs that I very much doubt whether even this scheme would prevent the rural landowners from making a profit out of the war. Certainly they would lose much less than those with fixed incomes, who find everything they buy dearer, while in no case can they get more than their stipulated percentages on their capital. It would, however, do something to improve matters. It would effectually prevent landowners from "holding up"

land and speculating for an increased price; and it would make clear the way for the acquisition at fair prices of any land required by the State to meet the national emergency.

As against any scheme for a flat rate, also, this plan of imposing on land values the amounts due under present taxation has the merit of fitting in with the system of graduation between large and small incomes. An estate worth £100,000 would naturally subject its owner to a higher rate of income tax, while it would make him liable to super-tax and bring on his estate a heavier proportionate death duty than one worth only £10,000. Very small estates would escape Imperial taxation altogether. To the owners of small quantities of land, this scheme would only involve a change in the method of rating for local purposes. Indeed, except where land is being held from its most productive use, either for pleasure or for purposes of speculation, the change would involve no increase of taxation at all. Two things the plan renders impossible once for all, both of which, injurious before the war, will be intolerable in the national emergency after it, the power to hold land out of use or from its best use in the hope of exacting an exorbitant price at some future time, and the

overcharging of the State or local authorities for land required for public purposes.

Coupled with this scheme of taxation should be one for deciding the legal rights of pre-emption of the various public authorities. This right of pre-emption should be granted to any authority, from the Parish Council to the State, subject only to the right of other authorities to levy customary rates or taxes upon it. If the State bought the land, it could, of course, be charged with the same local rates as if held by private persons; but if it were taken over by a Parish or County Council, the taxes due from the authority to the nation should be based on the ordinary rates of taxation on unearned incomes on 5 per cent. of the capital value of the land less improvements. And on these terms the higher authority, the County as against the Parish Council, and the State as against the County Council, should have the same right of pre-emption that any public authority should have over a private individual. In this way, a complete method could be arrived at for the rapid transference of land to the higher authority so soon as the interests of the community called for it. It is possible, though, in view of the heavy rates of income and other taxes inevitable

now, I think it extremely unlikely, that even this arrangement might not always be effective in preventing owners from holding back land from its best use. No loophole should be left for this practice; for it is urgently necessary that every advantage possible should be given to the ordinary industries of the country to recover rapidly from the effects of the war, and to expand yet further. If it were found by experience that land was still held back from its best use, it would, however, be easy to impose an adequate surtax on "undeveloped" land to put an end once for all to such anti-social practices.

One other point remains to be considered. I do not know how far such a change as is here suggested could be included in any Money Bill without incurring the charge of "tacking," and thus bringing it within the power of the House of Lords to hold the whole scheme up for three sessions. If such a difficulty exists, the remedy is simple. We have a land valuation, already virtually complete, which puts it within the power of the House of Commons alone to impose a heavy flat rate tax on land values whenever it chooses. The Bills embodying the proposals here outlined should be introduced into the

Commons at once and submitted to the Lords. If the Lords passed them, well and good, but if they should be disposed to try another contest with the popular House, an adequate flat rate tax could be imposed in the Budget and passed without their consent, which would have the effect of placing plenty of land at the disposal of those who had to work the colonization proposals. The regular Bills could be sent up to the Lords again and again until, by the provision of the Parliament Act, they became law. Meantime, the great landlords of the Upper House would have to face, not only the criticism of the people, but of the smaller landowners, who would find themselves subjected to a real increase of taxation, not merely of a readjustment of the method in which they paid their regular taxes, until the full plan was in operation.

CHAPTER VII

A NATIONAL WORKS DEPARTMENT

It will be seen that if the programme outlined in the previous chapters be carried into effect a double movement will take place in our national life: on the one hand, we shall have a resumption, on an increased or diminished scale, according to the post-war demand for manufactures, of the old industrialism under individual management; on the other, a new national series of industries will develop, designed in the first place to find work for the vast army whom the ordinary demand cannot absorb. A great home colonization scheme will have come into existence, involving the creation of a gigantic organization, and employing, at least for a time, many thousands of people. Though the total expense to the nation of creating and carrying on this organization cannot possibly be more than would be incurred in

a very few months of war, and though the greater part of the money spent will be reproductive, and not, as in the case of war expenditure, merely loss, these will not, we may be sure, be taken as adequate reasons for scrapping such a machine so soon as its immediate purpose has been served. The machinery created to meet an immediate crisis will become an integral portion of our national life, and indeed is likely to grow greater the farther its original purpose recedes into the background.

Nevertheless, we can partly foresee a moment when it may seem that the work of the Development Commission, or whatever its name may be, will appear to have come to an end. The acquisition of an adequate area for colonization by such of the soldiers as avail themselves of the offer of land, and the work of providing the holdings with buildings, communications, and other things necessary for the colonists, will some day be complete. All the ex-soldiers anxious to try this form of life will be settled, and the great army enlisted for the war finally demobilized. It might at first appear that this will be the moment for the complete ending of the scheme, and the dismissal of the thousands of men engaged to carry it on.

A moment's reflection, however, will suffice to show that this would be merely to reproduce the original difficulty, though on a less extensive scale. We should again have a large army of unemployed to deal with, and, moral considerations apart, it is altogether unlikely that the British democracy, having once discovered a method for dealing with the unemployed problem —and the scheme as a whole is really nothing else—will consent to its recurrence. We shall have recruited a national army of bricklayers and carpenters, of ironworkers and navvies, numbering many thousands, and have acquired the plant and the organization necessary to put them to work. The nation will be confronted, one can foresee, with the problem of providing more work for its new machine, and the question remains, Is there any such work to be found? Can the machinery created to deal with the unemployment caused by the war be made a means for dealing with general unemployment, however caused?

Inevitably the special provisions made for soldiers would, when once established, tend to be applied in the cases of any citizens of the country who could not be absorbed in ordinary industry. The "right to work or mainten-

ance," so long a cardinal demand of the Labour Movement, will, once the machinery for granting it is created and firmly established, be applied universally, and the right to have access to land on reasonable terms become a citizen's and not merely a soldier's right. In this way the extension of small-holdings and the machinery for fitting them up for use will be continued, though, of course, on a less extensive scale. The machine, once organized, will, we may be sure, tend to become a permanent WORKS DEPARTMENT of our civil governments.

As such, its special duty will be to search out those things which it is desirable or profitable from a national point of view to do, but which have been left undone by individual enterprise, and also to do over again in an adequate manner the many things which individualism has done badly in the past. Its purpose in this will be twofold—to get the desirable things done or re-done, and to provide steady and profitable employment for the people. But it should not confine itself to employing only or especially those who have themselves failed to obtain work in private industries. On the contrary, though the amount of work undertaken by the Department at any particular time would naturally

bear relation to the amount of unemployment then prevailing, the Department should hold itself free to compete in the open market for the best labour obtainable. In this way it would have the same influence on the general state of the labour market as if it only engaged men actually unemployed, while the results from the point of view of the public service would be much better. Its first object, however, would be clear—to provide a means whereby the surplus labour of the community could be turned to socially useful work, instead of being lost as in the past.

And certainly there would be no lack of work before it. It is astonishing how unevenly the material gains of modern civilization have been distributed throughout the country. The great bulk of the people are housed little or no better than their ancestors were centuries ago ; as soon as you get out of urban or at least semi-urban areas public water supplies, electric light and power, the telephone, and other things essential to modern life disappear altogether. Transport facilities, at least for goods traffic, are in many places little better than they were before the invention of electric tramways and motor traction. To a very great extent Britain is still an unde-

veloped, to perhaps a still greater extent a mis-developed, land. Half the fitting of these islands for civilized life is yet to be done, and, one is tempted to say, most of the other half has to be done over again.

But if, in accordance with the methods of what I have called the "architectural" social reformers, we have planned out a great constructive organization capable of undertaking this work, we have also, by adopting the favourite idea of the "surgical" school, opened up the way to give it freedom of action. In a previous work[1] I examined at some length the propaganda of the single taxers, and have very little to add to what was said there. It would be well, however, to restate some of the criticisms there made. I believe no single taxer will now maintain that the amount of money to be realized by a tax of twenty shillings in the pound on land values would suffice to provide, not only for the necessary expenses of the State, but for the enormous amount of interest on debt we shall henceforth be compelled to pay. The single taxer is, therefore, no longer an opponent of income and other forms of direct taxation, and his criticism of such imposts is, for the present, almost purely academic.

[1] *Modern Democracy*, chap. iii.

It is important, however, to realize to what an immense extent the land values of our industrial districts are artificial, for the application of our proposal to impose all existing rates and taxes on land values, not on the income actually received from land, would inevitably remove this artificial element in present values. It is hardly too much to say that this artificially created value is the most formidable of all obstacles to the development of our industries and the greatest single cause of overcrowding and the bad housing of the working classes. To me it seems that the whole building trade of the country has been demoralized by the dearness of land, and that even without any building bye-laws and Government regulation of any sort we should have had better housing conditions in all our cities, with the possible exception of London itself, if a regular system of land values taxation had been set up when the town populations began to expand under the influence of the industrial resolutions.

The rent of land is a measure of its relative scarcity, either natural or artificial. Monopoly apart, when there is more land of a given quality than can be used there is no rent. Thus, provided Robinson Crusoe's island contained more first-

class land than he himself could cultivate, a second arrival upon it would have no difficulty in obtaining rent-free a plot on which to grow his requirements. As more settlers arrived, however, and all the best plots were taken up, there would come a time when it would only be possible to obtain inferior land, unless the new-comers drove out the older residents or came to some bargain with them for part of their holdings. Assuming that no force were employed, and that the right of a person actually cultivating a patch of land were respected, a new arrival would have the option either of hiring from an older member of the community a patch of the better land at a rent, or of occupying rent-free one of the unappropriated, inferior lots. Assuming that a new settler adopts the former course, what rent can he be compelled to pay? If for a given expenditure of labour a piece of the best land will produce 100 bushels of wheat, while the same labour will only yield 75 bushels if applied to the second quality, it is obvious that the new-comer will get the same result for himself whether he settles on a free plot of inferior land or hires at a rent of 25 bushels one of the better ones. In either case he will have as a result of his efforts a gain

of 75 bushels. As the population continues to increase, new arrivals will be driven to choose between using still worse land or hiring; and the difference between what can be produced on the best plots and that obtainable from what land is still unoccupied will be greater and greater. This difference is economic rent. It is a measure of the scarcity of the supply of land relative to the demand, and does not arise at all until some real scarcity exists.

But artificial scarcity may be brought about long before. Suppose, instead of being content with enclosing so much of the land of his island as he can effectively cultivate himself, Robinson Crusoe, on the strength of his priority in arriving on it, lays claim to the whole island and that the next comer is simple enough to admit this preposterous claim, and honest enough to act up to his opinion. It is clear he cannot live at all without coming to a bargain with the first possessor, no matter how big the island may be or how much good land it may contain. And if Crusoe is stiff in his terms, he can get any rent he likes, so long as he leaves his unfortunate first tenant enough to keep him alive. The latter may be quite as much a slave, as the result of this "bargain," as man Friday

was in the story. Whatever rent is paid in this case, however, is not economic but monopoly rent. It has no justification whatever in the law of rent as expounded by classical economists.

Let us now suppose that after a fair number of colonists have settled on the island, each of them making his own clothes as well as growing his own food, a new arrival appears, who prefers not to go in for cultivation at all, but who brings with him machinery and skill in making woollen clothing. He purposes to live by exchanging this for the food products of his neighbours, replacing the skin coats of the inhabitants by more civilized garments. He, too, will require land for his house and workshop, and as no doubt the new clothing will be popular, it is very likely he can afford to pay a good rent for it rather than do without. If necessary, perhaps, he might pay three or four times as much as any agricultural worker could produce from the same land. But the fact that he *could* pay a heavier rent than others does not mean that he will *have* to pay it. As long as there is any land unappropriated and suitable for his purpose, he need not pay any rent at all, no matter how profitable his new business may be. So when there is plenty of free land

the position of the first manufacturer is exactly the same as that of the first settler—he simply places his factory where he likes; and the fact that he may produce ten or a hundred times as much wealth as a farmer could on the same site has nothing to do with the matter.

But how if the land is under monopoly? If our manufacturer finds Crusoe *owner* of his island and a society all agreed to pay him rent for their holdings? Then, indeed, the introduction of this new and more rapid way of producing wealth is a great opportunity for the lucky man in possession. The new man can *afford* to pay far more than any one else, and will do so rather than go without a factory site altogether. Theoretically, he can be compelled to pay as rent anything over what will give him a bare living. Probably, therefore, our Crusoe drives a hard bargain with him; he gets a similar plot of land to other people, and pays, say, ten times as much for it. But this extra price is not economic rent; it is due to land monopoly.

To turn from the theory of rent to its practical working. I am convinced that all the money paid for the freehold of sites or engaged to be paid for ground rents in England and feu duties in

Scotland over and above what would be paid for land of similar quality by the farmer is monopoly rent of this kind, when, as is usually the case, the land in question is at the margin, not near the centre of a town. There is always far more land suitable for building sites round the borders of a town than can be taken up by the builders, however cheap it may be. Of course, the larger the population of a town, the larger is the area towards the end of the tramway routes and within a few minutes' walk from them. Generally speaking, all or nearly all of this land is equally suitable for building; and except in the case of a very large town, indeed, possibly except in that of London, the area so available will be as great as or greater than that covered by the town itself. Unless, therefore, the town doubles in population in the course of the year, the easily accessible building land around it cannot all be taken up by the builders, even if they get the land for nothing, unless they allow much more space to each house than they have previously done.

But few towns increase in population at a greater rate than 2 or 3 per cent. per annum, while the extension of electric tramways and the general improvement in locomotion

steadily ripen for building purposes quantities of land far in excess of any possible increase of demand due merely to growth of population. If the demand for new houses were the only one to be considered, I am convinced that the builders would be economically in the same position as the early comers on a fertile island —monopoly apart, they need pay nothing for their land, because there would be always far more suitable sites than they could possibly take up. Of course, however, there is another demand, that of the farmer. If the landowner cannot get a better price from the builder, he can always let his land as a farm. This fact prevents the possibility, even under conditions of absolute freedom, of builders getting land for nothing; but given such conditions, they should get it for the same price as other people using land of equal fertility, and equally well placed, for any other purpose.

This means that the true economic value of building land at the margin of towns—that is to say, at the time most residential estates are laid out—is the agricultural value, neither more nor less. Probably there is nothing except land where it is possible to base the price systematically on what the customer proposes to do

with the commodity bought. This can never be done under free competition, but under a system of unrestricted private ownership of land it is always possible, whenever a customer, by reason of the more profitable use to which he intends to put it, can *afford* to pay an extra price for land, to get more from him than from others.

But as soon as we place all existing rates and taxes, as far as they fall on land at all, on land values, not on the income actually derived from land at the time, all such distinctions will disappear. There will then virtually be only one price for any land of a given fertility and a given convenience in position, to whatever use the buyer or hirer may intend to put it. And that price, as with everything else, will be the amount the " marginal buyer," the buyer to whom the land is least valuable, can afford to give for it rather than go without. In this case the " marginal buyer " is the farmer. He will be willing to take up *all* the land at the margin of our towns at a rent determined in the last resort by the amount of money he can obtain for the produce it will yield in competition with similar produce imported from abroad.

The reform in taxation already proposed

would revolutionize the conditions of the urban and sub-urban building trades. It means that land, instead of being normally one of the most expensive of the builder's raw materials, will be one of the cheapest, that, indeed, its cost will be almost negligible in the erection of a house. The industrial towns of England and Scotland have been built under the ever-present influence of two evil things, a bad tradition surviving from conditions that have long since passed away, and an artificial inflation of land values. No doubt in the days when towns had to be walled for defensive reasons it was necessary to crowd houses together and economize room as far as possible; while for centuries after walls had ceased to be necessary, but when every one who could not afford a carriage had to walk to and from his daily work, a considerable degree of crowding was inevitable. These alone, perhaps, were enough to impose on the building trades a tradition of economy in the use of land, which tradition would be likely to persist long after its original causes passed away. Most people would probably be able to show houses built in a manner natural enough in the centre of a great city at a time when there were no tramways or suburban

railways, but strangely inappropriate when one considers the circumstances under which they actually were built. Terrace houses, with basements and three or four stories, with only one or two rooms to a floor, and narrow inconvenient staircases, were often built in Early Victorian days on land which must at that time have been cheap enough. I suppose to the builders of those days and to their middle-class customers such houses looked more imposing, more "London-like" than lower and more convenient buildings on wider sites. Even in out-of-the-way villages you can find crowded slums where it is hardly conceivable that any considerable economy can have been effected by crowding the rows of cottages so closely together; so that I suppose a tradition, established originally by the necessities of a few walled towns long ago, and persisting, by reason of the difficulty of locomotion, in London at least, for a long time after, might have done harm enough even under a better land system. The instinctive adherence of people to anything established, the influence of use and wont, is no doubt a valuable social quality in its way, but its effects are often exasperating.

And I suppose the builders would soon have

broken through the influence of tradition, of their unhappy tendency to economize that one of their raw materials with which it was particularly important they should be as lavish as possible—land, if they could have got the land at true economic, not monopoly, prices. Naturally, if a man builds a house to let or to sell he wants to make it as attractive as possible for the money he spends on it. He has to buy bricks, slates, and timber, and to pay plumbers, painters, and decorators, as well as to buy the site on which the house is to stand. If he can make a better show by painting the house daintily at a moderate cost, or by devoting a rather larger proportion of his money to architectural ornaments, he will do so. Like any other tradesman, he is out to attract customers, and to attract them at the least cost to himself. If any one of his necessary raw materials is very cheap, and he is very much more likely to dispose of his house by being a little lavish in its use, he will act accordingly; while where any improvement in material or design is costly he will be cautious and thrifty. As time goes on, a general method of building will be established. Houses will be planned so as to require the smallest possible

amount of the more expensive materials, and to substitute where possible cheaper ones. The whole tradition, practice, and ideas of the trade will tend to be coloured by the relative prices of bricks and stone or slates and tiles, of woodwork and plaster. Each young builder will be trained in the tradition thus established, and any new ideas he may bring to his work will be influenced by the same conditions of cost as have been responsible for forming the tradition itself. He may have many ideas, but the conditions of the market will only allow those of them to be carried out which can be done at a reasonable cost. Any improvement that involves the buying of expensive materials will be suppressed.

Now the whole building trade in towns has been formed and developed under the influence of dear land. The one attraction which any one building a house to let or sell to people of small or moderate means could not afford to offer was space, floor space, garden ground or yard space. For a few additional yards, especially in breadth, he would have to pay, even at the margin of a town,[1] as much as a farmer

[1] Or far into the country, for that matter. I know of building land quoted at five shillings a square yard, fourteen

would pay for an acre. Naturally, as a business man, his instinct will be to economize such a costly building material, and to offer such attractions as he can afford in the shape of cheap decorations in paint or plaster, or seek custom by calling his productions by pretentious names, like "The Gables," "The Chesters," or "Balmoral," which cost nothing at all. But the most vital need of all in a house in which civilized people have to live is adequate space; if that is not granted, no subsequent ingenuity can make up for the defect. Within the house, dear land means cramped rooms, narrow passages, steep staircases, and dark closets; without, it means no garden or children's playground, little yard space, and a mean frontage. And in just such houses it is notorious the great majority of the British people have to live. Whether, as in Yorkshire, they are crowded together in "back-to-back" houses, or, as in Scotland, they are piled upon the top of one another in dismal flats, everywhere we see the extremity of the need for more room, and the enormous difference that would have been made if the builders had

miles from the nearest town! I suppose this was about fifty times its true economic value.

had a cheap supply of the first and most important of their raw materials—land.

But even if land were cheapened to-morrow, so great is the influence of a strongly established tradition that it would probably be a long time before the speculative builder would realize the extent of his opportunity, and longer still before the vast mass of badly planned houses would be pulled down and better ones substituted. Here, then, is one great work which lies open to the National "Works Department," the creation of which we advocate—the systematic reconstruction of our cities and towns in such a way that they may be worthy habitations for a great nation.

For the proposed method of levying taxes would inevitably bring down building land to a price that would render all undue parsimony in its use needless. With a tax on unearned incomes, never less than five shillings in the pound, and rates and death duties to be taken into consideration, no landowner could afford to place on his land a higher value than he was actually receiving in the form of rent for it. Speculation in land with a view to possible future increases in its value would cease, and land would be obtainable anywhere and for

any purpose at its true economic value. Whatever might be said against such a sudden and drastic way of dealing with an ancient abuse before the war, no reasonable objection can be taken now. Vested interests, especially those of the small man, have had to give way everywhere before the national emergency. The small man has had no sacred vested interest in his "one-man business," in his liberty, or even his life during these first years of the national emergency; the rich man should have none while the emergency continues. And the emergency does not end with the coming of peace; it only ends when the British people are restored again to some regular and peaceful way of living, only then will the revolution begun in 1914 be ended, and the necessity for "emergency legislation" cease.

It is not only the small man that would gain by the removal of artificial valuations on land. The development of industry, which will be of such importance in the immediate future, would have a far better chance under the new conditions. It is not only the house-builder who, on buying land at the margin of towns, is charged for it a price far in excess of that required from the farmer. A very large pro-

portion of our factories are erected on ground outside the congested centres of great cities, where there is no real scarcity of space. Yet certainly, even under such conditions, there are generally two prices for the same land, a lower one for the farmer, and a far higher one for the industrialist. Under the new conditions, business men would find this difficulty gone, and they would be able to hire or buy land at rates based on the rent which a farmer could afford to pay for the same accommodation. If the development of home and foreign trade renders an extension of British manufactures possible, it would be very much easier to meet the growth of demand in this way, to the general benefit of the nation as well as the manufacturer.

It may be well to say something by way of hint as to the method on which the reconstruction of our industrial districts should be carried out. The walls or boundaries of a mediæval town probably generally enclosed a sufficient area for the population at the time they were built, but as the towns grew the people certainly tended to be inconveniently crowded together. People came to acquiesce in a certain amount of crowding as an inevitable thing in town life. To a certain extent it actually was necessary

for long after, as long at least as people who could not afford to own or hire a carriage were compelled to walk to their daily work. The evil was greatly increased by reason of the dearness of land in the immediate outskirts of the town, the necessities of the population under the monopolist conditions set up by our land system enabling the suburban landowners to exact an artificial price from builders. The development of electric traction has reduced the first hindrance to progress to a minimum, and the heavy taxation of land values would promptly abolish the other. I think London is the only city large enough to render any crowding together of the people necessary under modern conditions. Even in the largest provincial cities a twopenny tram fare and a short journey will take you into the open country. This is the fundamental modern condition to be remembered in town planning. The area over which it is feasible for a town population of, say, 500,000 to spread itself is four times at least as great as was the case thirty years ago. The plan to be pursued is to cover first with houses of the proper kind all that land which under a natural distribution of the population would already be built upon, accompanying the develop-

ment with an adequate extension of the town's tramway system. The certain effect of this would be to bring down rents within the present town, and to compel the landowners to reduce the valuations on which they elected to pay rates and taxes. This artificial element in the valuation having disappeared, the public authority could then safely buy up the overcrowded parts of the old town, pull down the houses where necessary, and start to rebuild as many new ones as were thought desirable in their places. The lesson of the success attending the allotment experiment of 1917 should not be lost. The townsman has obtained a new interest and a new experience. He, no more than his comrade in the country, needs to be dependent for his vegetables on the middleman and the profiteer, but can do something to ensure that some of his food, at any rate, shall be obtained at reasonable cost.

There remains the case of London, and I must confess that the problem of such an enormous aggregation of people seems to me almost insuperable. Millions of people must either be crowded together within a narrow area in London, or else spend a very considerable amount of time and money in travelling to and from work every

day, and there, also, the effective taxation of land values would lighten the burden by bringing down suburban, and ultimately all rents; but as long as London is such an enormous size, anything that can be done in the way proposed would only mitigate the evil. Of London one is inclined to say:

> 'Tis the last judgment's fire must cure this place,
> Calcine its clods and set its prisoners free.

Indirectly, however, consequences might readily follow from the programme outlined above which would redeem even London. The problem is one of size, of growth beyond the power of management. If forces are set at work to lessen London, to distribute its population over other areas, these forces might in a few generations make even of London a city where there is no overcrowding.

"They shall beat their swords into ploughshares and their spears into pruning hooks." The words of the Hebrew poet come back to me as I think of the energies of this vast army, mobilized for destruction and war, turning its energies onto the constructive work of peace. Many more things than are here suggested it would be within its power to do—mine are only

suggestions as to some of the means which, given freedom and resolute goodwill, might afford a beginning. Possibly the reader can furnish additions of his own, but at least I claim to have shown that the terrible crisis which the war must bring upon the nation need not necessarily begin in injustice to the soldier and end in social anarchy, but can be used to lay the foundations of a higher social order.

. . . . .

I have followed so far the suggestions in politics of a single clue. Starting off with a proposal for dealing out simple justice to the returned soldier, I have dealt merely with what seemed to me the best method in which the State could carry out with least loss to itself the imperative duty imposed upon it by the Great War. To what extent the State should delegate its duties to subordinate authorities has not been seriously discussed, and any allusions to the reactions of the whole scheme on the voluntary agencies of society have been only incidental. And even the duties of the State have been dealt with from one aspect only. I have left entirely untouched the question of the retention and development of functions such as the control of the

railways, etc., taken over temporarily by the State under pressure of the war emergency. These matters have been fully discussed already, and I have no expert knowledge that would enable me to add to or criticize effectively anything already written on such subjects.

Important, and even vital, as it is, however, that the State should give a good lead in dealing with the problems of the peace, the reconstruction of society must ever be the work, not merely, or even mainly, of the State, but of the people as a whole. Every important political reform sets in motion new social forces, many of them perhaps not anticipated, and often not at all to the taste of its authors; and the initiation of such a scheme as is here set forth would have far-reaching indirect effects, many of which it is impossible to foresee.

The war, so it seems to me, will give added force to two apparently contradictory movements already evident in the world before its outbreak. Throughout politics and industry we see tendencies almost equally marked towards centralization and towards devolution. The "big business" becomes bigger year by year; it tends to become a "combine" or trust extending over a whole district or country;

finally it overleaps national boundaries, and the control of the more highly developed industries falls into the hands of international groups of capitalists. The city State becomes absorbed in the nation, and the nation itself merely a member of some great Empire State of continental dimensions. The Imperial State, however, is no logical stopping-place, and we see already in the International Postal Union and other modern developments the germs of the world State of the future.

Coincidently with this centralization, however, goes on an equally marked tendency for national and local particularism. Nowhere is this more clearly marked than within the British Empire itself. Imperialism seems at first sight to be the negation of nationality; but nowhere have new and vivid national types been evolved more rapidly than in the self-governing Dominions. Within the United Kingdom the national spirit of Ireland, Scotland, and Wales grows stronger than ever; while the conscious individual life of the cities and towns increases day by day. I shall deal again freely with this in the concluding chapter of this book; here it is only necessary to recognize that such a great extension of the functions of the State as is suggested in

this book will probably emphasize the general tendency to " devolution," and that while I have treated for the sake of simplicity the whole scheme as a direct work of the Central State, it would probably largely be executed through the media of national parliaments and local authorities within their areas. In this the rising national and civic spirits will be aided by the practical necessity of distributing the work of government, already rapidly outgrowing the possibility of centralized control, to a greater extent among other agencies.

More important will be the effect on the tendencies to centralization and decentralization of industry and agriculture. Obviously the scheme begins by the creation of a great State industrial undertaking; while it implies, on the other hand, the originating of a large number of " one-man businesses," at least in agriculture. Already in Mr. Malcolm Sparkes's scheme for the building trade, not to speak of the general tendency to " amalgamation " both among employers and employed, we see the drift of thought and practice in the older industrialism. The conditions set up by the establishment alongside of existing industries of the new order should, I think, tend on the whole to emphasize this tendency,

The relief to the competitive struggle for employment caused by the diversion of so many men from the labour market will greatly strengthen the Trade Unions. They and the Co-operative Societies have greatly increased their membership during the war, and should be able, unless swamped by an unmanageable influx of discharged soldiers, to bring all the available labour supply into their ranks. Without entering further into the proposals made for reorganizing trade, then, it is safe to say they will have a fair chance to succeed, and will stand or fall on their own merits alone.

More interesting to me, because less generally considered, is the probable effect of establishing great colonies of soldiers on the land, a very large part, and possibly the majority, of whom have been brought up in the town. Hitherto large multitudes of countrymen have drifted to the towns, but steady as the influx has been for generations, at no moment have the new arrivals formed more than a small percentage of the town population. The new-comers are soon "citified," and adopt all the ways and ideas of their new associates, without making any great impression on the mass of which they soon become an undistinguishable part. The com-

paratively small migration that goes on from the town to the country produces only a surface effect. The townsman brings the latest popular song, he teaches the countryman town manners, and perhaps to some extent vulgarizes his dialect, but he does not influence his agricultural methods. For he, too, is in a hopeless minority; only when he is present in appreciable numbers will he bring to the innate conservatism of rural life the initiative and relative independence of precedent of modern industry. But if the scheme outlined in the previous chapters were carried out, for the first time in history a large rural population would start off almost free from the hampering traditions of the country. No doubt they would make numberless mistakes, and would afford a good deal of amusement to their more conservative neighbours, but they would not always be wrong. They would be more open to the suggestions of modern science, and far less willing to stick to an old-fashioned method of doing a thing after a better had been found out. They would be intolerant of inconveniences too patiently submitted to by generations of countrymen. Their wives would resent having to go out on a cold morning to wait until the village pump was thawed, and then stand awaiting their

turn to obtain a pail of water. No doubt the soldiers have had plenty of experience in digging trenches, but that would not prevent most of them from being willing to try a good machine as soon as one is invented to do the work of trenching gardens. They would be less individualistic, more open to co-operation, than the older agriculturists. Any one reading what Kropotkin has written about the *culture maraîchère* near Paris may have some idea of the possibilities of cultivation by town-bred men working for a series of years in sufficiently close contact with one another for ideas to spread, even when the workers have little scientific knowledge to guide them at the start.[1]

Our industrial system has given great opportunities to the able initiator who invents or applies some new and important thing; it has given but little encouragement to the thousands of minor initiators, the sum of whose discoveries and improvements is equally important. The small culture of Paris shows what can be done without special scientific knowledge, without any assistance from great inventors, under a system that gives full play to the initiative of thousands of ordinary people, who bring, not

[1] See *Fields, Factories, and Workshops*, chap. iii.

genius, but practical good sense, freedom to experiment, and interest in their work, to their task. The conditions set up by the scheme here suggested should bring such an opportunity to thousands of our people, to the great gain of the nation as a whole.

Very likely in the long winter months the small-holder will find time hanging heavily on his hands. Anything he can learn then, when the holding is for a time making few urgent calls upon him, will be pure gain. To his hand, when the land is fully developed, will be water and electric power, in his mind the memory of old processes of work carried on before the war. Need he remain idle during most of the long winter days? or can he not apply his hand, by the aid of some convenient and cheap machine driven by this power, to making some of the things he used to do before the war? If he does, may not he, a new craftsman, aided by suitable machinery, be an effective competitor with the great industry which long ago drove our craftsmen, working without mechanical power, from the field? If so, and a demand arises for convenient power-driven tools for lightening the heavier burdens of the small-holder, and for enabling him to turn his winter hours to profit-

able account, we may be sure they will not long be lacking. Modern science and ingenuity will soon invent them, and a great part of the concentrated energies of the city will be spread over the country.

For I have long been of opinion that the use of electric power, which can be produced in quantity in one place and supplied to great distances at a small cost, must ere long produce a new industrial revolution, and largely reverse that brought about by the invention of the steam-engine. In this way the overgrowth of our great cities may be rectified, and London itself be reduced to manageable dimensions, so that, even in it, the people need no longer complain of having "no room to live."

CHAPTER VIII

BELOW THE BATTLE

A GREAT writer has tried to look beyond the welter of hate and destruction now proceeding in Europe to the serener atmosphere "above the battle." Throughout this book we have endeavoured to peer below it, to see what the rapid changes going on beneath the surface of things portend, and what problems they are preparing for us after the war is over. Either course, I think, is more profitable than to watch the fleeting incidents of the battle itself. For to what, after all, do these amount? Flashes here and there of a terrible beauty, as when the lads of our first army marched gaily through the fields of France and passed laughing into the night; and things of terror unrelieved by beauty, in numbers beyond the power of the imagination to grasp. Here and there from among ten thousand such, one gallant figure

catches the public eye and becomes the hero of an hour ; here and there some deed of unusual atrocity inflames the rage of the people. But the picturesque incidents are few. Round the whole is a horror of thick darkness, where is filth and stench and confused noise, an atmosphere of expectant terror, of pain and death, of dreary waiting for something really decisive to happen. It almost seems as though the Russian Revolution were the only thing having promise for the future world that has happened since the war began. The world is sick, sick of a raging fever, and the utterances of its statesmen and writers are, for the most part, only the outbreaks of its delirium. They, too, have their eyes only upon the battle, neither above nor below it, and their thoughts are centred on the phantasms that affright obscurer people.

Looking at the battle, we think much of the injury we can inflict upon the enemy, much again of the injuries he can do to us. We esteem it a great thing to have gained this or that position, a calamity to have lost command of this or that vantage point. And the cost of it all in human life is terrible enough. No doubt each nation is suffering greatly at the hands of its enemies, and it is natural that the

mind should be too absorbed in this aspect of things to think much of anything else. Nevertheless, I make bold to assert that it is not the injuries the nations do to one another that count for most in the long run, but those their own efforts are inflicting on themselves. The fevered man struggles and cries out, but all his efforts only aid the disease which is wasting him from within. The fever in his blood, not anything without, is his real enemy, and only when that is abated will the measure ot exhaustion to which it has brought him be visible.

So, however they may triumph at a victory here, or lament a loss there, one thing of abiding importance, and one thing only, is happening to all the belligerent Governments alike—they are all growing steadily weaker and weaker, in the case of the greater nations, at least, far more as the result of their own struggles than because of anything the enemy can inflict upon them. Even the death of so many millions, terrible as it is in itself, is not the fact of most permanent consequence. The dead will be replaced ere many years have gone by, and have ceased to count in the shaping of the world. This is a tragic irony of war, that it

is not those who have made the final sacrifice that matter, but only those who survive them. The new outlook of those who return from the trenches will be one of the most important factors in shaping the new world. They, for the moment, if they realize their power, will be the dictators of the world, and can deal with the rulers who sent them forth to war just as they like.

On the face of it, the European War ranges the great Imperialisms of the world in two hostile camps. It may look as though the complete triumph of one group would strengthen the Empires included in it at the expense of those in the other. In the case of a rapid and complete victory for either side, I think this might have happened, but after such a prolonged struggle as this, anything of the sort is to me inconceivable. It is not one or the other group of Empires that can triumph or go under after such a struggle; the war is destroying the Imperial system itself. The Wars of the Roses destroyed the feudalism that waged them; certainly not the result aimed at by any Yorkist or Lancastrian who fought in them. And it is not at all likely that any scheme planned by any combatant Government in this war will

be accomplished; while it is quite certain that none of the rulers of Europe in 1914 desired what is now the most probable result of all—the permanent weakening or utter ruin of Imperialism.

The great Imperial State, backed up by a gigantic army, was at the outbreak of the war the most powerful institution in Europe. By far the greater part of the Continent had come under the rule of one or other of the Great Powers. As the years passed by the State had become stronger and stronger, its practical sovereignty over all individuals, however powerful, and all subordinate authorities, more complete. With the State had grown the army, both in size and in the superiority of its weapons, so that revolt against the power of the State had become a practically hopeless enterprise. This power of the Imperial State, backed by overwhelming military force, was one of the most characteristic features of the time. It was this that made the struggle for national liberties so hopeless. Nothing could be taken from the State; only as the State itself became enlightened and liberalized could any local or national freedom be won by concession. There might be a balance of power in Europe between

the different Empires, but within the Empires the State was supreme; and if the head of the State and lord of the army was one person, no demand of the people could make much headway. Despotism was entrenched as it never had been in the history of the world.

But the whole thing depended on the power of the Imperial State to maintain its armies, at least wherever the Empire was really unpopular. The story of the ten plagues of Egypt is graphic, but the cynic may wonder what all the pother was about. If Moses, gifted with miraculous powers, could only have stopped the pay of Pharaoh's soldiers for a little time, the power of Egypt would have gone to pieces, and Israel could have marched away in safety. In our day, as ever, militarism is the cement of despotism, and when once it is broken, Alsatians and Poles, Slovaks and Slovenes, Finns and Lithuanians, and all the races of whose very existence many of us hardly knew until three years ago, can none of them be governed except by their own consent. And this militarism depends in its turn on the financial solvency of the Empires which it serves. Moral insolvency alone is not enough to destroy it. No matter how bad a Government is, it may survive

any amount of criticism, unless the stark, inexcusable, unexplainable fact of bankruptcy arms its enemies and brings its powers to nothing.

The extremity of the tyrant is the opportunity of the people. The bankruptcy of Imperialism throughout the Continent would bring to the oppressed nationalities the *opportunity* for freedom. It is true, freedom, even granting the opportunity, can only be won by the people themselves ; it cannot be granted by any outside authority, nor included in any treaty drawn up by the Concert of Europe. But demands that could be ignored or suppressed by the firmly placed Governments before the war can be enforced against the same Governments vainly struggling in a morass of debt. We have boasted of the principle of the British Constitution, " grievances before supply," and no doubt some credit is due to the nation that has embodied the maxim in the constitution of the State. I suspect, however, that the principle is much more ancient than the British Constitution ; it certainly existed in England long before we had a regular parliament. I believe the corporation of my native town still pays £100 a year to the Crown for the " fee farm " of the borough. This payment records the fact that when King John

was in want of money he sold the right of incorporation to the burgesses for an annual payment of that amount. Buying liberty may be a sort of political simony, but the freedom of the world probably owes as much to it as to anything else.

Even before the war the finance of continental Imperialism was seriously embarrassed. I have shown in an earlier chapter that, to a very large extent, the State debts of the Continent are not due only to war, but to the steady accumulation of peace deficits. In an article commenting on the special war tax on capital levied in 1913, the *Frankfurter Zeitung* voices the growing anxiety of thinking Germans at the financial difficulties of the State. After ascribing the high tariff policy of Bismarck to the need for revenue, and the certainty that "the Bundesrath (the Federal Council of the Empire) would not dream of sanctioning direct taxation," the article proceeds :—

> Even the most enthusiastic supporters of our Protective tariffs cannot to-day deny that from the point of view of this aim they have proved a disgraceful fiasco. The wheat and rye tariff, originally 1 mark per double-centner (1s. per 2 cwt.), rose in 1885 to 3 marks—a rate which Bismarck himself had said was iniquitous—and is now 5½ and 6 marks, and, if the Farmers' Union had had its way, would be 7½

marks. Germany, from being a country where living was cheap, has become perhaps the dearest country in Europe. In recent years the increase in price of all commodities, and particularly of the necessaries of life, has become intolerable. But the revenue shows no corresponding increase. In spite of higher tariffs the Imperial finances have remained precarious. The National Debt has increased by thousands of millions of marks, mainly for expenditure which, under sounder management, would have been met out of current revenue. Financial reform followed financial reform, up to the last great blood-letting of 1909. The Government proposal of the extraordinary tax of 1,000,000,000 marks is proof that now again we are at the end of all things.

So the lament over the failure of German finance goes on. "Protective tariffs ruin finances," we read, "because they increase the Treasury's own expenditure. Empire, State, Community, as large consumers, must pay more for the articles they buy. . . . Protective tariffs ruin finances above all because of the ever heavier burden laid on the people, a smaller and ever smaller proportion reaches the Imperial Treasury, while the lion's share goes into private pockets. . . . We have screwed our tariff up and our revenue has got steadily worse." And this all because a Bundesrath of landowners would not sanction direct taxation, even at the request of Bismarck!

This was before the war. A reluctant Bundesrath will now most certainly have to

"sanction direct taxation" on a scale hitherto unheard of, and may be surprised to find that there are sterner and stronger things in the world even than the great Bismarck. It is said that this very pressure of debt, as shown by the enactment of the succession duties and the special war tax, was one of the reasons why the Junkers pressed for war! A less likely cure for financial embarrassment it would be hard to conceive, and the expedient affords a staggering comment on the boasted "realism" of German politics. Anyhow, what the Germans would not yield to Bismarck, they, or more likely some other authority in their place, will yield to Necessity, which is stronger even than the man of blood and iron.

The Imperial State of 1914 was solvent, or at least so nearly so that its difficulties could be partly hidden and excused; the Imperial State at the end of the war can only become solvent, if at all, by recasting its whole system from top to bottom. No doubt many other things have changed also, but even if this fact stood alone the whole European situation would be fundamentally different from what it was in the early days of the war. What does it matter whether those Germans were right or not who,

in August 1914, thought the Russian mobilization was a prelude to the invasion of their country, and who regarded the German declaration of war as a necessary act of self-defence? What does it matter what were or were not the plans of a Tsar who has now less influence on the policy of his country than the poorest private in the Russian army? And what does it matter to us what were the plans of the Kaiser in 1914, if the position of Germany has so changed that every energy of his Government must be devoted for the next generation to the internal problems created by the war, if he wants to avoid the fate of Nicholas II? It is the same everywhere. It will matter nothing at the close of the war what the plans of a Government were at the beginning unless it is still in a position to maintain the military force necessary to carry them out. And this is true irrespective of any moral change in the nations themselves. Certainly there is no reason to think the Turks any better to-day than they were when all Europe was terrified at their power. They are certainly as militarist as ever they were, and are probably quite as strongly convinced that the true believer has a right to rule over the infidel. But beyond the unhappy Eastern nations still under their

rule, who cares for that? The Turkish militarism is bankrupt and helpless, and nobody concerns himself about the evil it might like to do if it could. And after this war the Empires of Europe will have only one choice—to throw over their jealousies and ambitions altogether and to set to work building up a civilized order again, or of sinking into a condition of impotent militarism like that of Turkey.[1]

In a controversy with Mr. Norman Angell, Mr. Cecil Chesterton defended the cause of war while repudiating what he called "cosmopolitan usury." He admired fighting, but he hated the financier, and would not even fight in his defence. "The sword," he said, "is too sacred a thing to be prostituted to such dirty purposes." "The sword," as it happens, plays a very unimportant part in modern war, as Mr. Chesterton probably knew, but he could not resist the popular rhetorical trick of the militarist, which effectually turns a discussion about the real

[1] It is for aggression, and aggression unaided by more civilized allies, that Turkey is impotent. Her financial weakness does not prevent her putting up a fine fight when attacked, nor from providing plenty of splendid soldiers when other people provide her with the means to arm and feed them.

problem, whether the sort of thing people have to do *now* when they fight is justifiable or not, by introducing the sentimental suggestions attached to an almost obsolete weapon. If he had said " Poisonous gas is too sacred a thing to be prostituted to such dirty purposes," Mr. Chesterton might have been less impressive, but what would have been lost to poetry would have been gained by truth. Be that as it may, however, Mr. Chesterton, who admires war but hates usury, should remember the saying, " Love me, love my dog." Cosmopolitan usury is as essential to modern war as the Dreadnoughts, explosives, submarines, and Zeppelins by which it is carried on. The officer's sword is little more than a symbol in modern war; the banker's bond is an essential part of its machinery. And if, as Mr. Chesterton hoped, the cost of war should break " the net of usury which at present unquestionably holds Europe," that would render all warfare of the kind waged between the great States of Europe to-day for ever impossible.

It would be interesting to write up the historical economics of war. In far-distant times, Cain, the tiller of the soil, picks up a stone and slays Abel, the keeper of sheep. This is the biblical beginning of war, yet I cannot remember

ever hearing Cain's action spoken of with approval. Such is primitive war. The savage cuts a club from the woods, or gathers stones from the ground, and fights his brother savage of another tribe with these. When the fight is over, those that are left alive and uninjured go on their way much as before. The battle has not been costly in anything but blood ; little time has been lost, and nobody is in debt. This is all that is possible to a primitive people, who have no skill in making better weapons and no social organization capable of keeping large numbers of men marching and counter-marching for a length of time. The growth of militarism is held in check by the economic weakness of society ; when there is little wealth war can be costly only in blood.

With the progress of society, however, a more advanced form of warfare becomes possible. Specialized tools of war are made and trades are devoted to making them. We get :

> The armerer, the bowyer, and the smith,
> That forgeth sharpe swerdes on his stith.

Curiously enough, Mr. Chesterton's favourite weapon, " the sword," acquires a romantic prestige. It is given a symbolic meaning never

accorded to the yet more ancient sticks and stones, which are irreverently dismissed, not only from the uses, but from the vocabulary of battle, and left to vulgar rioters. With the specialized manufacture of weapons comes the organization of armies. The tillers of the earth and the keepers of sheep are no longer licensed to knock out one another's brains; they are privileged instead to provide the commissariat of their betters. Militarism has become organized; it can undertake operations at a considerable distance, and carry them on for a considerable time; it can form encampments and besiege cities. It is still, however, limited by the developments of civil life. The cost of weapons, the size of armies, and all things connected with the war are limited. It is restricted to the amount of taxation the people can be persuaded or compelled to pay. Then ensues a struggle of aspiring militarism to get more money. Kings, anxious for conquest and glory, squander the Crown revenues, and then try to bully or coax their people into supplying more means to waste in war. Taxes, loans, confiscations follow, but the King is always in difficulties, always tending to bankruptcy; for militarism, however impossible it may be in the long run to spend more than

society creates, is always trying to outrun the constable.

In the eighteenth century, Gibbon reckoned that a nation could not afford to keep more than one in a hundred of its population in the field; to-day we have 10 per cent. of the fighting nations mobilized. That this has become possible is due to the great increase in wealth production under modern capitalism, and to the development of finance which has enabled Governments to borrow the enormous sums of money required by modern war. Militarism, as we know it, has taken full advantage of the opportunity given to it. Relieving, as far as possible, the rich from the burden of taxation, by laying the weight of it on commodities and not on incomes, Continental militarism has screwed up indirect taxation to the utmost, while availing itself of the tendency of modern industry to produce yearly a surplus of wealth seeking investment in some "gilt-edged" security; it has steadily extended itself, even in time of peace, to the full limit of the funds available. With this it has created machines, which can only be put in motion at all at the expense of utterly disorganizing the productive industries of the countries, and creating an incredible

mountain of debt for posterity. To put it briefly: there is no use any great Power building up an army on the present scale unless it is in a position to borrow on occasion anything from two to five thousand million pounds. How long will it be before any of the nations of Europe will be in that position again?

Primitive militarism required no money at all; the demands of mediæval militarism were limited by the possible amount that could be got from taxation during the years of war itself, eked out by plunder and short loan borrowing; the modern variety takes as much as possible out of the taxes in peace, and presses the credit of the Government steadily up to bankruptcy point in war. Its basis is the faith in the "gilt-edged" security. Only by dangling before the holder of loanable capital the prospect of an assured investment can such enormous quantities of money be obtained. To demand a similar amount in *taxation* would be to bring the war to a very rapid termination. But if the investment be not assured? If it turns out at the end of this war that no investment is "gilt-edged," and that on the whole it is safer to put money in private industrial concerns, away from distracted Europe, than to lend to any

Government? It is clear that if any one of the belligerents repudiates its debt, its borrowings have been only disguised conscription of capital or taxation after all. Every one will know that lending money to that Government in any future war is just the same thing as giving it, and the only possible course in future will be to take what is needed by undisguised confiscation. If even one of the Great Powers becomes openly bankrupt at the end of this war, that will be enough to shake the credit of all the others; while even without a definite repudiation anywhere, a period of suspended interest, of uncertainty, delay and confusion might be quite enough to destroy all faith in the "gilt-edged" character of Government securities everywhere. Now, even if the war ended to-day, one thing is absolutely certain—the great European Powers among them would have to face an interest charge on new debt contracted of not less than £1,000,000,000 next year.[1] This takes no account whatever of any provision for pensions, demobi-

[1] This for the six great European Powers. Russia's share, however, is not quite on the same footing. The Tsar's Government seems to have raised no internal loans, but to have financed the war, apart from borrowings from her allies, by a reckless issue of paper money. According to

lization charges, or for the restoration of destroyed property. Neither does it allow for the suspensions, common to the Protectionist States of Western Europe, of import duties on food, or for the inevitable shrinkage all along the line of the yield on pre-war taxes. I cannot think it possible, in view of the high price of food and the impoverishment of the peoples, that the food taxes can be revived for many a long day, at least at the pre-war level. Such new taxes as have here and there been imposed will make but a paltry contribution towards the deficits in ordinary revenue inevitable on the Continent. Only in Great Britain has it been possible to make any serious attempt to meet the obligations flung upon the nations by the war. This we owe to our policy of Free Trade, which has never been more helpful to us than in this crisis.

We have had all too much of psychology in this war, and I feel diffident in trying to estimate the moral reactions of this state of things. It

the French paper, *Les Nations*, the paper money in circulation in Russia increased from 2,000,000,000 to 32,000,000,000 roubles between the outbreak of war and the revolution. How this extraordinary state of affairs can be dealt with, I confess I have not the slightest idea.

seems fairly safe to predict, however, that this gigantic bill, when presented, will set going a flood of criticism throughout Europe. Hungry workman, discharged soldier, overtaxed business man, and alarmed bondholder will all have something to say, and while quarrelling, likely enough, among themselves, will turn their wrath mainly on the rulers who have caused their trouble. Nothing arouses such universal opposition as a new and unpopular tax, nothing can draw upon a Government and the ideas upon which it is based such a disintegrating criticism. Every one knows about the tax, and every one is ready to listen to arguments showing why it should not be levied, or what are the faults of the policy that have rendered it necessary. Inevitably, a demand for money brings all the grievances of the people to the front; and if they find they must pay, at least they become determined to get something in return for their money. Government is forced to be apologetic, to explain, to concede. The political simony, which is the basis of the British Constitution, "grievances before supply," becomes the accepted alternative to revolution. So, it seems to me, it must be in the Europe of the next few years. The financier will insist upon the security of a pacific

policy before he will unloose his purse-strings, for what chance would he have of being paid if this war is to be followed by another like it? If trade is to recover at all, the manufacturer will want a similar guarantee, for why should he trouble to heap up riches when he cannot tell whether he or Hindenburg shall gather them? Public credit will be a delicate convalescent, whose friends must deal tenderly with it if they wish to avoid a fatal collapse. The harsh voice and rough tramp of the drill-sergeant must be kept far from the sick-room. Metaphor apart, any German officer who writes a book like Bernhardi's after the war, any university professor who delivers such lectures as Treitschke's, any subaltern who tries to imitate the exploits of Zabern, is likely to find himself in very serious trouble. The credit of the State will be sensitive, and unless the rulers of Germany make it perfectly clear that they have no longer any sympathy with such things, it may never recover at all.

But whatever the Governments may do, the military cement, which has hitherto held the Empires together, must be fatally loosened by their poverty. If they are to survive at all, they will have to depend for the future upon

the less material bond of goodwill. Imposing as they are, the Imperial States have, on the whole, less justification in the nature of things for their existence than any of the other governing authorities. The existence and boundaries of a municipality are generally determined by some contemporary objective facts. A number of people are gathered together who, in virtue of that fact, have certain interests common to them, but not important to the rest of the world. It is natural that they should assume or be conceded powers to manage those matters in which they alone are concerned, with due limitations conserving the interests of the nation and of the world at large. Nationality has generally a more subjective, more sentimental basis, though it is no less real for all that. Some millions of people, for racial, historical, or other reasons, desire a common rule so strongly that they will not be content under any foreign domination. Objective facts, such as an insular position, may have something to do with nationality also, but this is not necessarily the case, and the basis of nationality is not logical, but emotional. Both local and national authority at their best are subordinate to the broad interests of humanity as a whole; and while we can see

a reason in the nature of things for municipal and national governments, they should always be limited by the rights of universal humanity, to which alone sovereign power should be entrusted.

The modern Imperial State, where, as generally, it does not coincide with some great nationality, is a rather clumsy makeshift, due to historical, not modern conditions. Its armies, diplomatic disputes, its dividing tariff walls and conflicting policies, are for the most part mere hindrances to the natural and harmonious development of society, nationally and internationally. On the one hand, it usurps powers which any reasonable order would transfer to some international authority; on the other, it controls a vast number of things which ought to be relegated to national or local governments. While it was strong and financially solvent, its claim to be sovereign could not be disputed; now that it is bankrupt, the way seems open for a steady and progressive encroachment on its powers, from above by the development of international law, from below by the growth of nationality. No doubt, wherever there is any geographical or other objective basis for an Empire—that is, where any neighbouring group of nationalities have common interests which

can best be served by some form of political unity—the Empire will continue to exist. I hope and indeed expect, however, that in the embarrassed condition in which it finds itself, such an Empire will only be able to continue by treating the problem of uniting diverse nations as Switzerland has done, and not as Austria has tried to do. But generally, throughout the world, I think the effect of the war must be to reduce very greatly the prestige and power of the Imperial State. The forces of the age tend generally towards federation and devolution. To these forces the strongly entrenched Imperial State opposed a formidable obstacle, which, in the days of its weakness, must gradually give way. I do not suppose that there will often, perhaps ever, be a definite dissolution of an Empire, only that the bonds of it will tend to be slacker, the actual exercise of Imperial authority less frequent, giving freer and freer play to the forces of internationalism on the one hand and of nationality on the other, until in the course of a few generations Imperialism has become rather a sentiment than a fact, and places no barrier in the way of either of these living forces.

The bearing of this upon the main subject-matter of this book is the environment it creates,

within which our own national problems must be worked out. The bankruptcy of the third or modern type of militarism, the characteristics of which are universal service and enormously expensive armaments backed up by cosmopolitan capitalism and funded debts, rather than the pastime of a limited class financed by plunder and Isaac of York, does not, of course, necessarily prohibit the ultimate reappearance of some fourth form of this perennial plague. We may some day have to reckon with a new militarism, perhaps of a few technical experts, wielding deadlier weapons even than those of to-day, and holding large civilian populations at their mercy. That, however, will take some time to develop, and we may hope that when the armaments trade and the armies themselves interest directly only a small proportion of the population, the remainder may be wise enough to shut their advocates up in Bedlam. Meantime, we shall have a respite, and, so far as war is concerned, we should not fear disturbance in our domestic work. But the confusions on the Continent, and the ferment of ideas to which they must inevitably give birth, may be a formidable complication of the problem. Conflicts abroad between the peoples and the kings will

arouse the keenest interest here, and if any solid basis of discontent exists, will certainly provoke imitation. We must be just and courageous, acting promptly and fearlessly in every emergency, so as to make it clear to the democracy that, whatever may be the case abroad, their own grievances are sure to receive prompt and effective redress. Possibly without going beyond the limits of existing taxation, certainly by quite feasible extensions and modifications, we, unlike any other nation in the Old World, will have the means to meet all our obligations in the first crucial year of peace. We *can* carry out the programme of this book, if we have the courage and the honesty; and if the Government of the day promptly and definitely pledges itself to do so, any outbreak across the Channel would affect us very little.

It is otherwise with the probable remoter effects of the war suggested above. They imply a weakening of the general prestige of Empire throughout the world. The bounds of Empires would tend to become blurred and indistinct; peoples on the borders especially to become more and more autonomous, more and more interfused with one another, scarcely conscious perhaps to which of two neighbouring "Empires" their

territories belonged. The British Empire cannot afford to lag behind the world. Its strength even now is in the bond of goodwill, its military power in time of peace being too insignificant to hold its vast Dominions together. And there is obviously no geographical necessity behind it, such as has preserved the Empire of the Hapsburgs through centuries of misrule and tyranny. This goodwill, internal and external, is due mainly to the fact that the British Empire is already very largely internationalized, while giving freer play to the principle of nationality than any that preceded it. Our policy of autonomy for Colonies, and of free trade in dependencies directly governed by the Crown, our impartial policing of the seas in times of peace, have rendered our wide Empire tolerable to the rest of the world, while earning the loyalty of the Dominions themselves. Mr. Chamberlain's boast that we hold the Empire for the good of the world is largely true. It is only another way of saying that our Imperial power acts in an international spirit, and governs the Crown Colonies very much as an International Commission would govern them, if such a thing existed. In so far as it acts thus, its control of tropical lands is just a foretaste of the kind

of thing that would obtain in all lands of similar character if, through stress of circumstances, the Imperial idea were sufficiently weakened abroad. Before the war there was a steady pressure of surplus capital seeking investment and preferential concessions in Africa and other new countries. The capitalists of various lands struggled with one another to secure the exploitation of native labour, and to get first hold on any natural resources in gold or raw material that existed or were thought to exist in undeveloped countries. This state of things, the "tap root," Mr. Hobson calls it, of aggressive Imperialism, may be fundamentally changed by the war. For some time, at least, there will be little surplus capital seeking investment. Even petty wars with barbarous tribes may be impossible to Governments fearful of expenditure and struggling to preserve their very existence. Such elementary liberalism as a large experience has imposed on our Colonial Office in the treatment of native races may readily be adopted and extended by foreign Powers. Not much progress in this direction would place them ahead instead of behind us, and we should be faced with the alternative either of universal discontent leading to the disruption of the Empire,

or of a bold and prudent extension of native liberties.

As the nationalities of Europe, by force or pressure exercised against the weakened Empires, gain more freedom, we may be certain that the nations within the United Kingdom will be stimulated and excited to imitation. It will become necessary to trust more and more exclusively to the geographical fact which renders some form of federal union, at least, a common advantage, to England, Scotland, Ireland, and Wales alike, and to leave the widest possible freedom to each nation to work out its own salvation in its own way.

Though our Free Trade finance has placed the Imperial Government in a much stronger position than those of our Protectionist neighbours, both to deal with the immediate problems created by the war and to retain some confidence and respect afterwards, the prestige of the State, both positively and relatively to that of other bodies, will be very hard to maintain. The local authorities, for instance, will be far less embarrassed, and especially with a new and less unpopular basis of rating, and perhaps a readier ability to obtain funds by municipal trading, will find themselves able to do many

useful things which the embarrassed central authorities will have neither time nor money to deal with. If so, it will be perilous to continue the old restrictions on their powers. As in the break-up of the Roman Empire, the municipal institutions it had sanctioned did much to check the disintegration of society, so may our county and borough councils, if given adequate powers, help to tide us over the dangers of the next generation.

The war seems to call for a new conception of sovereignty. Before it, sovereignty rested almost absolutely in the Imperial State; all local and national authorities were, always in theory, and mainly in fact, delegated and subordinate; while as against the outside world each State jealously guarded its own independent absolutism. This was rendered possible, not because the centralized State, any more than the anointed King, had any Divine right to absolute sovereignty, but for the very practical reason that the State alone had an army and the means to pay it. With the bankruptcy of militarism the way is open for a new conception of sovereignty and the basis on which it should rest. The sovereign power should not be concentrated in one institution, but should become

a thing more diffused, shared in the proportions in which they can most effectually use it for the common good, by the smallest commune, by the federal Empire, and by the World State of which it forms a part. Perhaps the complete bankruptcy of the Empire or Nation State with its claim to absolutism may have been necessary to render this wider conception of sovereignty possible.

No doubt the Empires, or some of them, will struggle through the difficult period before them and get into credit again, but not until they have surrendered for ever to other authorities many of their more arrogant usurpations. The British Empire, if guided with wisdom and courage, should be able to play a glorious part in the reconstruction of society. It alone among the Old World Powers can hope to deal effectually and justly with the immediate crisis after the war, and thus to gain time to plan and organize for the future; while the experience gained during many years of rule over peoples in every degree of civilization and of every variety of race and language has enabled it to give a working model to the world of how many of the problems confronting civilization will have to be settled. To further by every means in

our power the movement already initiated for an international government, while developing the institutions of our own Empire in a liberal and international spirit, we may gain for ourselves the moral leadership in the politics of the world. If, however, any such thing is to come about, we must begin at the beginning. Starting with the firm determination to do justice to the army which has fought our battles, and the frank acceptance of any obligation that implies, we must secure for ourselves peace at home. Injustice to the soldier means anarchy here, and will render futile any attempt to play a great part in the making of the new world. Were the problems dealt with in this book of domestic interest only, there would still be the most pressing need for their solution. I think, however, that they are more than this. It may well be that whether a higher world order arises out of the ruins of the old or not will depend upon whether British policy during the next few years is guided by justice or a jealous fear for vested interests.

Are we to take full advantage of the things that have been happening below the battle, the destruction which the war itself has brought not upon this or that army or Empire, but upon

the system of military Imperialism itself? The unprecedented horror and vastness of this war will not in themselves prevent it from being, like thousands of other wars, a mere meaningless blot on the page of history. Romances of the war will be written by thousands in any case, and battle histories also, only differing from romances in name. But as it is far vaster in scale, so this war will be less attractive in romance than others, for in that respect the war of the chemist and the engineer can never compete with the war of the swordsman and the knight. If it is to mean anything at all for future generations, it must be because of what comes out of it, and that depends not upon the soldier, but the statesman. It is the vision of the city in the distance, the future Rome, that gives to Virgil's poem its epic dignity; were it only an account of the adventures of Æneas, it would not differ, except in poetic power, from the forgotten romances of chivalry.

Printed in Great Britain by
UNWIN BROTHERS, LIMITED, THE GRESHAM PRESS, WOKING AND LONDON

THIS BOOK IS DUE ON THE LAST DATE STAMPED BELOW

AN INITIAL FINE OF 25 CENTS

WILL BE ASSESSED FOR FAILURE TO RETURN THIS BOOK ON THE DATE DUE. THE PENALTY WILL INCREASE TO 50 CENTS ON THE FOURTH DAY AND TO $1.00 ON THE SEVENTH DAY OVERDUE.

FEB 25 1935

23May'58JH

REC'D LD

MAY 30 1958

11Jul'62MV

REC'D LD

JUN 27 1962

LD 21–100m-8,'34

387015
HC250
S5
UNIVERSITY OF CALIFORNIA LIBRARY